

HOUSE FINANCE COMMITTEE
March 23, 2022
1:41 p.m.

[1:41:57 PM](#)

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:41 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Kelly Cunningham, Analyst, Legislative Finance Division;
Michael Partlow, Analyst, Legislative Finance Division;
Brodie Anderson, Staff, Representative Neal Foster; Tom
Wright, Staff, Representative Steve Thompson; Neil
Steininger, Director, Office of Management and Budget,
Office of the Governor; Representative Kevin McCabe;
Representative Mike Cronk.

PRESENT VIA TELECONFERENCE

Megan Wallace, Director, Legislative Legal Services; Marie
Marx, Legislative Counsel, Legislative Legal Services.

SUMMARY

HB 281 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 APPROP: MENTAL HEALTH BUDGET

HB 282 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the agenda for the meeting. The committee would continue the amendment process on the operating budget. He relayed the committee would pick up where it left off earlier in the day.

#hb281

#hb282

HOUSE BILL NO. 281

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 282

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making capital appropriations and supplemental appropriations; and providing for an effective date."

[1:42:29 PM](#)

Co-Chair Foster recognized Representative Kevin McCabe in the audience. The committee would consider a language section amendment and subsequently move back to the numbers section amendments.

^AMENDMENTS

[1:42:52 PM](#)

Representative Josephson MOVED to ADOPT Amendment L15, 32-GH2686\R.21 (Marx, 3/19/22) (copy on file):

Page 81, following line 14:

Insert new subsections to read:

"(e) The sum of \$100,000,000 is appropriated from the general fund to the Department of Education and Early Development to be distributed as grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A)-(D) for the fiscal year ending June 30, 2023.

(f) The sum of \$150,000,000 is appropriated from the general fund to the Department of Education and Early Development to be distributed as grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A)-(D) for the fiscal year ending June 30, 2024.

(g) The sum of \$200,000,000 is appropriated from the general fund to the Department of Education and Early Development to be distributed as grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A)-(D) for the fiscal year ending June 30, 2025.

Reletter the following subsection accordingly.

Page 105, line 23:

Delete "secs. 19 and 23" in both places

Insert "secs. 19.23, and 29(c)-(g)" in both places

Page 105, line 31:

Delete "Section 23 of this Act takes"

Insert "Sections 23 and 29(e)-(g) of this Act take"

Representative Rasmussen OBJECTED.

Representative Josephson explained the amendment with a prepared statement:

The amendment before you would provide Alaska schools with the same resources as they received in Fiscal

Year (FY) 17 by fully offsetting the inflation rates since the Base Student Allocation (BSA) was last adjusted in FY 17 and providing the equivalent level of funding for the next three fiscal years. This would allow schools to demonstrate the results they can achieve with stable funding. Our current BSA of \$5,960 went into effect in FY 17. The equivalent amount in FY 23 after actual inflation and anticipated would be \$6,518. This would require an increment of \$150 million.

Representative Josephson noted the inflation calculation was based on the Alaska cost of living for completed calendar years 2015 to 2021. He explained that subsection (e) of the amendment provided \$100,000,000 because committee substitute (CS) Section 29(d) provided an additional \$50 million, which had been increased to \$57 million [in a previous amendment]. He continued reading from prepared remarks:

The Federal Reserve estimates the calendar year 2022 U.S. inflation rate would be 4.3 percent. So, providing schools with the same financial resources as 2017 would require an increment of \$222 million in FY 24. Subsection (f) of this amendment provides \$150 million for FY 24 based on the assumption that BSA legislation, similar to House Bill 272, will be enacted providing an additional \$72 million through a fiscal note.

Callan and Associates forecasts 2.25 percent inflation in Alaska in calendar year 2023. Subsection (g) of the amendment provides \$200 million for FY 25 based on the Callan forecast and the enactment of House Bill 272.

We hear a lot of concern about our students not delivering the student achievement we want. We need to face the hard reality that we have allowed school financial resources to decline 8 percent since FY 17. School resources will drop another 4 percent next year if we don't take action.

We seem to have the opinion that we have been holding school funding level or even providing occasional one-time bumps and we get frustrated that school performance doesn't improve as a result of our ostensible generosity. However, inflation is eating

away at school resources, in a way inflation doesn't hit state government because with state government we sign off and grace or bless union contracts, merit increases, and the like, and we should do those things. Those things come in naturally, sometimes beyond our gaze through the executive branch's adjusted base, which incorporates those employee wage increases, while BSA flat funding doesn't enjoy that sort of process; it must be more transparent and obvious. Not that the prior process isn't transparent, you just have to watch for it.

Representative Josephson explained that Amendment L15 was intended to show what the legislature had to appropriate if it wanted to provide stable funding at the FY 17 level. The committee had heard testimony from the Gateway School District, the Fairbanks School District, and the Anchorage School District that the legislature had been pretending that the districts could live their lives as if it was FY 17, which was not the case. He relayed it was the same reason the committee had previously spent an hour talking about bonuses. He stressed they had been chronically underfunding important state services.

Representative Josephson hoped the committee would hear Representative Andi Story's bill, HB 271 again. He believed the committee needed to consider whether the bill's increase of \$57 million in the coming year and \$71 million in two years was adequate. He stated that school officials had said the numbers were inadequate. He reiterated that the funding offered by the current amendment would bring funding to FY 17 levels. He stated that Representative Story had done a great job, but he believed the amounts needed supplanting.

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Representative Rasmussen had attended public school in Anchorage her entire life. Her children would attend school there as well. She wanted her children and their peers to have an opportunity at the best education Alaska could provide. She remarked that the state was not currently meeting that goal and she did not know that increasing funding was the only step that needed to be taken. She referenced a current bill aimed at looking at the state's retirement system. She thought there was a possibility of revising the retirement system to improve retention rates.

She stated that the highest levels of retention were paralleled with the highest level of proficient readers by third grade.

Representative Rasmussen spoke to the need to have much more conversation about the results legislators were looking for associated with the funding. She had heard from many of her constituents that they were not happy with what was being produced with public funding being appropriated and expended at present. She highlighted the need to ensure there were good programs in place to properly develop the workforce. Additionally, retaining teachers to ensure kids had consistency was very important. She believed the legislature needed to give some time for different steps to be implemented to determine whether something had worked before throwing everything at a problem they may not see fixed. She appreciated the intention of the amendment and looked forward to continued conversation but would not currently support the increment.

Representative Josephson remarked that he planned to withdraw the amendment.

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Representative Thompson was not in favor of the amendment. He stated it was hundreds of millions of dollars and he believed there needed to be some results-based reasoning behind it. He referenced a report from the Department of Education and Early Development (DEED) that included information provided by all of the school districts. He elaborated that the report showed there was still \$602,793,319 million in COVID relief funding remaining that went to school districts. He thought it was premature to add hundreds of millions of dollars more.

Representative Edgmon did not disagree with the comments that had been made thus far, nor did he disagree with the maker of the amendment. He represented small schools and highlighted the doubling of diesel and electricity costs in the past year. He remarked that the cost would be very difficult for many schools to absorb. He had been told that the COVID relief funding was tightly restricted and there were not many ways it could be used for ordinary operational needs. He remarked that the story about school funding was complicated and layered. He detailed that on the one side it was about getting adequate resources and on

the other it was about achievement and performance. He reiterated that fuel costs had doubled, and enrollment had been down. He referenced unanticipated expenses due to the pandemic. He hoped to have the conversation through HB 272 or HB 273 or other. He highlighted that rural schools were going to have a challenging time making ends meet. He pointed out it was not tied to performance, but to global markets. He expounded that when the spring ice melted it was possible to bring barges up into communities to take advantage of economies of scale. He noted it was not always the case. For example, it was not possible to get a barge up the Nushagak River much of the time. He stated that the prospect of flying in fuel may be a reality later on. He was concerned and weary about the issue.

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Representative Wool did not think the amendment merely threw money at a problem to wait and see what happened. He highlighted that the amendment covered for the lack of adjusting for inflation for many years. He reasoned that in a way it was flat funding when accounting for inflation. He remarked that many of the schools on the road system had previously had good results. He pointed out that testing had changed, and he did not believe a deep analysis had been done on why the scores were different. He shared an analogy used recently by one of his school board members. The board member had explained that when only one lane of a damaged bridge could be used for a lengthy period of time, no one had suggested not fixing the bridge. He thought the idea of not putting money into something that was not performing at its maximum was ridiculous. He stated that the increment covered for inflation and was not additional unnecessary funding. He added that teachers and programs were getting cut in his district. The schools needed help and it was the legislature's responsibility.

Representative Josephson stated that he had supported an amendment to pay over \$530 million in oil tax credits the previous day. He highlighted that one committee member had talked about the necessity for proven results. He knew there would be mixed results from an analysis of what the state got from the \$530 million. He elaborated that some of it would be great, and some would be indifferent at best. He emphasized that eight-year-olds were only eight one time; children could not wait for the legislature to debate the issue. He believed the COVID relief funding was punting

and delay. He WITHDREW Amendment L15 with reservations. He looked forward to hearing HB 271 and HB 272.

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Co-Chair Foster noted that the committee would hear Representative Thompson's language section amendment on bonuses later. He relayed that Legislative Legal was working on contingency language.

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AT EASE

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RECONVENED

Co-Chair Foster explained that he would roll down Amendments H DEC 1, H DEC 3, and a similar third DEC amendment.

Representative Thompson MOVED to ADOPT Amendment H DEC 2 (copy on file):

H DEC 2
Department of Environmental Conservation
Dairy Program

Replace statutory designated program receipts with general funds for the dairy program.
1004 General Fund (UGF) \$15,000
1108 Statutory Designated Program Receipts (Other)
-\$15,000

Representative Josephson OBJECTED for discussion.

Representative Thompson relayed that he was carrying the amendment for a fellow legislator. The amendment would replace the dairy inspection receipts funding with undesignated general funds (UGF). He read from a prepared statement:

In 2020, the legislature authorized \$15,000 in statutory designated program receipts authority with intent language directed to the department to charge the fees to recover some of the costs of the program. As stated, "It is the intent of the legislature that the Alaska Department of Environmental Conservation

continue to inspect and test Alaska dairies as well as implement a fee schedule to help pay for these functions."

After meeting with industry, the department implemented a scale fee structure starting in 2020 with annual fee increases over a three to five-year period until \$15,000 is collected annually. Since that decision, the Havemeister Dairy ceased to operate. The dairy in Delta just went into business this past year making the total of dairies in Alaska to now be two. The department collected \$1,500 in 2020 and \$4,000 in 2021. The department is still evaluating invoice amounts for 2022 and 2023 and anticipates receiving between \$5,000 and \$10,000 in 2022 per an email sent to Representative Rauscher last Friday.

This governor is about food safety, the legislature is working towards Alaska food security. The Food Security Taskforce, the Farm Bureau, and this year's agricultural legislation, which is being worked on by both bodies is working towards security. The profit margin of new businesses, let alone dairies, is very small. The farm in Delta area was declared part of the disaster declaration and the local IGA store roof collapsed so milk can't be sold there this year. Until they get on their feet a few years, we need to provide for their inspections, or we eat their profits for the year and the other two will possibly fold in the process.

Representative Thompson requested the use of \$15,000 UGF to try to keep the state's only dairies open.

Co-Chair Foster supported the amendment and believed it was reasonable.

Representative Rasmussen shared that studies had shown that one of the most important organic foods to provide kids was organic milk. She wondered if the milk from the Alaska dairies was organic. She reasoned that ultimately it did not matter because the dairies served a need in Alaska. She thought it would be great to see the programs expand as new potential renewable industry that could provide food security in Alaska. She hoped to keep both dairies going and hoped the dairies had the profits needed to continue to

grow. She highlighted that the state only had a three-day food supply. She supported the amendment.

Representative Wool supported the amendment. He shared that his family bought Delta milk in Fairbanks at the natural foods store. He was fairly confident it was healthy and organic.

Representative Josephson WITHDREW his OBJECTION.

There being NO further OBJECTION, Amendment H DEC 2 was ADOPTED.

[2:09:44 PM](#)

Representative Thompson MOVED to ADOPT Amendment DFCS A (copy on file):

Department: Family and Community Services

Delete Conditional Language: At the discretion of the Commissioner of the Department of Family and Community Services, up to \$10,000,000 may be transferred between all appropriations in the Department of Family and Community Services and the Department shall submit a report of transfers between appropriations that occurred during the fiscal year ending June 20, 2023, to the Legislative Finance Division by September 30, 2023.

Department: Health

Delete all conditional language: At the discretion of the Commissioner of the Department Health, up to \$10,000,000 may be transferred between all appropriations in the Department Health, except that no transfer may be made from the Medicaid Services appropriation, and the Department shall submit a report of transfers between appropriations that occurred during the fiscal year ending June 20, 2023, to the Legislative Finance Division by September 30, 2023.

Explanation: Remove cross-appropriation transfer authority for more transparent budgeting.

Representative Josephson OBJECTED.

Representative Thompson explained that the amendment would delete conditional language that would allow the Department of Health and the Department of Family and Community Services to transfer up to \$10 million between all appropriations within both departments. He relayed the practice had been ongoing since at least 2014 within the Department of Health and Social Services and was now being considered for the two new departments. He elaborated that deleting the appropriations would make for more transparent budgeting. He wondered when other departments would request the same courtesy if the practice was continued for the Department of Health and the Department of Family and Community Services. He believed it was time to review the practice and determine whether the authority was still appropriate.

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Representative Josephson agreed with the administration on the topic. He reviewed a letter explaining the department's position. In recent years the department has had \$20 million of discretionary monies to move as it saw fit up and down between appropriations.

Representative Josephson believed the committee had behaved conservatively and used discretion to split the amount into the anticipated new departments. He stated that the language permitting \$20 million cross appropriation transfer had been included in the budget. After the governor's executive order, the governor requested \$20 million for each of the two departments. The subcommittee also added language requiring a report to the legislature showing how it used any transfers. He stated that \$10 million sounded like a lot of money, but it was relatively small in the context of the DHSS total budget of \$3.5 billion including federal funds. He reasoned if there was ever a year to allow the transfer it would be FY 23 because the department was being divided and there may be unanticipated effects on the cost distribution among divisions, which the department could solve with transfers instead of delaying services to Alaskans.

Representative Josephson continued to review information from a letter written by the administration. The Department of Health and the Department of Community and Family Services did not know from year-to-year exactly who would

need benefits or what programs may be needed by Alaskans. For nearly all services, the departments were obligated to provide services to all those seeking them; it made it challenging to know what the final budget need would be until the end of the fiscal year. Demand for the programs changed from year-to-year and could be very unpredictable. He provided three examples. First, if the standalone senior benefits appropriation was short on funds, the language would help to ensure payments went out to seniors in a timely manner. Second, if Juvenile Justice had a youth come into custody with serious medical issues that could cost tens of thousands of dollars and would not be covered by Medicaid (because the youth was in custody), the state could seek help for the juvenile through a transfer of funds. Third, the Office of Children's Services had needed federal authority in the past to ensure foster care payments were able to be sent to foster families at the end of the fiscal year. He explained the transfer would be helpful in all three scenarios.

Representative Josephson continued to review a letter explaining the department's position on the matter. The department had been prudent and restrained in the use of the authority, while the full \$20 million was used in FY 21, the amount transferred in FY 19 and FY 20 was well below the limit. The legislature had visibility into the transfers due to the required report from the Legislative Finance Division. Additionally, in many cases the transfer had addressed an ongoing need that extended into subsequent fiscal years and thus was addressed for the longer term session. The transfer authority had not been limited to just moving general funds over the years; the department had also used it to move statutory designated program receipts, interagency receipts, and federal authority to appropriations that were short and needed authority. Given the added uncertainty in FY 23 as the departments navigate their first year after their split, the ability to use the tool to manage their budgets may prove very useful. He opposed the amendment.

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Representative LeBon requested to hear from Legislative Finance Division on how the transfer authority had played out over the past couple of years.

KELLY CUNNINGHAM, ANALYST, LEGISLATIVE FINANCE DIVISION, answered that the authority had first been granted to DHSS in FY 14 beginning at \$50 million. The authority had subsequently been reduced to \$25 million and \$20 million in the past several years. The funds had been used for unanticipated needs during the fiscal year.

Representative LeBon asked how frequently the funding was used and how much money was used within the allocation. He asked if the need was big, modest, or little.

Ms. Cunningham answered that it varied. She detailed that in FY 14, the largest transfer had been \$2.5 million general funds for Medicaid and the other transfers had been very minor. In FY 15, the largest transfer was \$1.5 million from the Division of Public Assistance to the Division of Juvenile Justice. She stated there had been a bit more in FY 18, and in FY 19 the department transferred a minimal amount of federal funds and no UGF. In FY 20, there had been some issues at the Alaska Psychiatric Institute (API) and \$8.3 million had been transferred to API. She stated the need varied across fiscal years and the department did not always use all of the transfer authority.

Representative LeBon asked if any other department or agency had the same flexibility in its budget.

Ms. Cunningham believed the answer was no.

Representative Edgmon pointed out that there was no other agency like DHSS. He stated that services were largely based on demand that could not be predicted from year-to-year. He elaborated that DHSS had a \$2.4 billion budget with \$700 million in Medicaid. He stated that the Division of Public Assistance was larger than other entire departments. He recalled the words of DHSS Commissioner Adam Crum that it was "an entirely different aircraft carrier." He argued differently than the previous speaker and thought the flexibility was needed for both of the agencies. He understood the argument from a fiscal standpoint, but the two departments were not the same as the other agencies.

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Representative Wool stressed that the agency was going through a major cataclysmic shift by being broken into two

departments. He underscored that no one knew what it would look like including the departments and the legislature. He emphasized that DHSS had the largest budget of all the departments. He thought it would be like breaking up the Department of Transportation and Public Facilities and the Alaska Marine Highway System (AMHS) and trying to figure out where the money would be down to the last nickel. He did not want to tie the hands of the agencies.

Representative Carpenter agreed DHSS was a large department that had been broken into two smaller departments, but he believed it increased the need for fiscal discipline. He highlighted the scenario where the legislature appropriated dollars for particular reasons for all other departments and then gave flexibility to the two largest departments to move up to \$10 million around as the departments saw fit. He understood the flexibility, but he thought it was giving away some of the legislature's responsibility to direct how the money was supposed to be spent. He elaborated that if the administration did not find the way the legislature had directed money to be spent to be conducive to operations, it was necessary to have a conversation about appropriating in a different manner.

Representative Carpenter did not support giving the departments carte blanche flexibility because it ceded the legislature's authority to the executive branch. He added that the practice was not afforded to any other department, and he believed there were likely good reasons for why other departments would like the additional flexibility. He stated that if there were two departments needing additional legislative scrutiny, the Department of Health and the Department of Family and Community Services would be at the top of his list. He would prefer to err on the side of caution and retain the legislature's responsibility to manage how the money was being spent rather than giving the flexibility to the administration. He stated it was not that the problem could not be solved, it merely required communication. He wanted to err on the side of fiscal discipline, not flexibility.

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Representative Rasmussen stated she would likely support the amendment if it was not a year when a department was undergoing a major transition into two departments. She noted that the number of days left in session were

shrinking and she wanted to see the split from one department into two to go smoothly. She thought the departments would need the flexibility in the current year. She would trust Commissioner Crum's leadership in making the request. She opposed the amendment.

Representative Thompson provided wrap up on Amendment DFCS A. He explained the concern that other departments may request the same courtesy in the future. The amendment was a total of \$20 million, broken into \$10 million for each of the new departments. He wanted to ensure the budgeting was transparent.

Representative Josephson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Carpenter, Johnson, Thompson, LeBon

OPPOSED: Edgmon, Josephson, Ortiz, Rasmussen, Wool, Merrick, Foster

The MOTION to adopt Amendment DFCS A FAILED (4/7).

[2:24:58 PM](#)

Representative LeBon MOVED to ADOPT Amendment DFCS B (copy on file):

Department: Department of Family and Community Services

Appropriation: Children's Services

Allocation: Front Line Social Workers

Delete: (\$912.0) [\$292.0 Fed 1002, \$620.0 UGF 1004], Personal Services, and (4) Temporary Positions

Add: Inc/T (FY23-FY25) \$912.0 [\$292.0 Fed 1002, \$620.0 UGF 1004], Personal Services, and 4 Temporary Positions

Explanation: This Amendment changes the proposed Increment for Front Line Social Workers - Frontline Supervision to a Temporary Increment, authorized from FY23 through FY25. The change maintains the 4 temporary positions for long-term non-permanent Protective Services Specialist IV positions but ensures that the funding is time limited.

Representative Josephson OBJECTED.

Representative LeBon explained the amendment that changed the proposed increment for frontline social workers from frontline supervision to a temporary increment authorized from FY 23 through FY 25. He read from the amendment explanation above.

Vice-Chair Ortiz asked if the increments were to be paid in the form of financial compensation to workers. Alternatively, he wondered whether the funding was to expand the number of workers. He asked if the amendment intended to eliminate the pay supplements in the future or to eliminate positions in the future.

Representative LeBon requested to hear from Ms. Cunningham.

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Ms. Cunningham asked Vice-Chair Ortiz to repeat the question.

Vice-Chair Ortiz complied.

Ms. Cunningham replied that the increment was requested by the governor and adopted by the subcommittee for four new long-term nonpermanent positions. The amendment would change the funding from a base increment to a three-year temporary increment. She explained that the positions would be in place for three years and the legislature could evaluate whether to put them in the base permanently after that time. She clarified that the amendment did not take away money, it just changed how the current increment looked.

Vice-Chair Ortiz asked for verification that if the amendment were adopted, a future legislature would have to decide to extend the four positions longer-term or they would automatically go away.

Ms. Cunningham agreed.

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Representative Josephson shared that as chair of the subcommittee he had come to respect the officials working

in the department and their hard work. He relayed that the previous year the governor had not been on board with the subcommittee's proposals related to OCS. However, he believed the governor now understood there was a crisis. He highlighted that the department had communicated there was a 60 percent agency turnover. He stressed that social workers were leaving the agency after six months of employment because the work was so difficult. He pointed out that a psychologist was hired to counsel employees due to the challenge of the work. He had never heard of the situation in any other state job. He stated the funding meant to be paired with the bonuses proposed by the governor. He elaborated that the funding was designed as a recognition that the agency was trying to draw experienced individuals out of retirement who could tolerate more because people had passion for kids. He supported leaving the funding as a base budget item.

Representative Wool agreed with the previous speaker. He had never heard from the department that it had too many social workers or that social workers did not have enough cases. He stated that OCS had serious issues related to finding frontline social workers. He elaborated that everyone was overworked. He remarked that the state needed more social workers, Village Public Safety Officers, and on and on. He did not support the amendment.

Representative Carpenter supported the amendment. He thought it was important to keep in mind that the request had been for four temporary positions. He stated it would be inappropriate to permanently fund temporary positions. He explained that the amendment made the funding a one-time increment to temporarily fund temporary positions, which he believed was prudent.

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Representative LeBon provided wrap up on the amendment. He pointed out that the Alaska Bankers Association was recently in town and was in desperate need of more bankers. He remarked that the association was looking for more bankers, but it was the association's problem to solve. He stated that if the department wanted full-time permanent positions the legislature would hear about it the following year.

Representative Josephson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Johnson, LeBon, Rasmussen, Thompson, Carpenter
OPPOSED: Edgmon, Josephson, Ortiz, Wool, Merrick, Foster

The MOTION to adopt Amendment DFCS B FAILED (5/6).

2:33:36 PM

AT EASE

2:51:38 PM

RECONVENED

Representative Josephson MOVED to ADOPT Amendment DOH A
(copy on file):

Department: Health
Appropriation: Departmental Support Services

Allocation: Public Affairs
Add: \$131.7 I/A (1007) and 1 PFT, Personal Services

Allocation: Administrative Support Services
Add: \$202.9 I/A (1007) and 2 PFTs, Personal Services

Allocation: Administrative Support Services
Add: \$202.9 I/A (1007) for chargeback model, Personal Services

Allocation: Information Technology Services
Add: \$399.1 I/A (1007), \$1.2 CIP Receipts (1061), 2 PFTs and 3 Temp Positions Personal, Services

Department: Family and Community Services
Appropriation: Departmental Support Services

Allocation: Informational Technology Services
Add: \$399.1 I/A (1007), 2 PFTs and 3 Temp Positions Personal, Services

Allocation: Commissioner's Office
Add: \$245.3 Fed (1002), \$367.9 GF Match (1003) and 3 PFTs, Personal Services

Allocation: Administrative Services

Add: \$68.6 Fed (1002), \$66.4 GF Match (1003), and \$55 I/A (1007), Personal Services

Allocation: Administrative Services

Add: \$156.3 Fed (1002) and \$234.4 GF Match (1003), Personal Services

Funding to support new Dept. Tech Officer in DOA and new Admin Services Director in OMB

Department: Administration

Appropriation: Office of Information Technology

Allocation: Alaska Division of Information Technology

Add: \$186.6 Info Services (1081) and 1 PFT, Personal Services

Department: Governor

Appropriation: Office of Management and Budget (OMB)

Allocation: OMB Administrative Services Directors

Add: \$204.1 Inter-agency Receipts (1007) and 1 PFT Various Line Items

Explanation: This amendment funds items associated with the split of the Department of Health and Social Services (EO 121) into two new departments. These items were previously denied.

Representative LeBon OBJECTED.

Representative Josephson explained the amendment. He shared there had been a hearing on the topic several weeks back and there were a multitude of documents provided on the subject of breaking up the department into two. He relayed there was a memo from Legislative Legal Services indicating real concern because the legislature wrote laws and the executive branch, other than some rule making, did not. He encouraged his colleagues that if there was issue in the power structure of the new executive order (EO) that the legislature could do something about it in the spring or in the coming year. He read from prepared remarks:

I would submit that Alaskans who depend on health and social services would be harmed if the departments do not have resources to implement the split smoothly or, the new department in particular, has to cannibalize line divisions to generate funds for the new

commissioner for IT support and other resources in the amendment. The subcommittee removed this money because it was premature, not because it was excessive.

Representative Josephson thought it was appropriate to restore the funding now that the executive order had been implemented.

Vice-Chair Ortiz asked for verification that the amendment would restore funding removed at the subcommittee level.

Representative Josephson agreed.

Representative LeBon asked for the verification that the total funding and positions that were removed had now been separated equally between the two new departments.

Representative Josephson agreed and explained that the department had a hand in preparing the amendment to ensure its needs were met.

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Representative Wool stated his understanding that the detail in the amendment had been included in the original budget and removed in subcommittee. He believed Representative Josephson had not supported its removal in subcommittee.

Representative Josephson replied, "In a sense, no." He noted the statement by Representative Wool was partly correct. He explained that he had voted against the removal of the monies from the potential departments. He reconsidered his prior statement and agreed that Representative Wool was correct.

Representative Johnson if Amendments DOH A and DOH B were identical.

Representative Carpenter confirmed that Amendment DOH A and DOH B were identical. He shared there had been a discussion a while back that the governor's executive order split the department and the legislature had an opportunity to agree or disagree and it had not found agreement to stop the executive order from splitting the two departments. He considered that perhaps the action taken in subcommittee was a reflection of those who believed the legislature

should have stopped the executive order. He noted he was not part of the subcommittee and did not know the arguments for removing the positions. He noted there had been a comment earlier by Representative Edgmon that he believed the train had left the station and there was not much the legislature could do to stop it. He believed that not only had the train left the station, but the legislature had kicked the conductor and staff off the train. He stated that the amendment would put the conductor and staff back on the train. He hoped it would set the departments up for success.

[2:58:38 PM](#)

Representative LeBon WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment DOH A was ADOPTED.

Representative Carpenter WITHDREW Amendment DOH B (copy on file).

[2:59:23 PM](#)

AT EASE

[3:00:32 PM](#)

RECONVENED

Representative Carpenter MOVED to ADOPT Amendment H DOH 1 (copy on file):

DOH 1
Department of Health
Departmental Support Services

Remove allocations for the study to develop evidence based recommendations for DHSS Reorganization

This allocation was proposed in the House Health and Social Services finance sub-committee for the study of the bifurcation of Health and Social Services. The Governor's Emergency Order (EO) 121 was not blocked or disapproved and will take effect on July 1st, 2022. Because of the impending implementation of the bifurcation, these funds are no longer needed.

1004 Gen Fund (UGF) \$500,000

Vice-Chair Ortiz OBJECTED for discussion.

Representative Carpenter explained that the amendment would remove \$500,000 from the committee substitute. The allocation had been proposed by the subcommittee to conduct a study on the split of DHSS. He explained that because the split would take place, there was no need for the study.

Representative Josephson would not oppose the amendment. He spoke to his concern about the executive order. He explained that he had seen slippage in the legislature's authority during the current administration as evidenced in the RPL [revised program legislative] process and to some degree in the confirmation process, although he believed the governor had won the latter issue. He believed that if legislators did not like the way the department was severed, the legislature should correct it. He stated that the study was no longer needed.

Vice-Chair Ortiz WITHDREW the OBJECTION.

There being NO further OBJECTION, H DOH 1 was ADOPTED.

[3:02:25 PM](#)

Representative Josephson MOVED to ADOPT Amendment DOH C (copy on file):

Department: Department of Health
Appropriation: Medicaid Services
Allocation: Medicaid Services

Add: \$8,181,000 UGF (1004)

Add Intent Language:

It is the intent of the legislature that the Department provide supplemental payments equaling 15% of the standard Medicaid reimbursements or services of personal care assistants providing services under Medicaid, Medicaid waivers and the 1915(k) state plan option between July 1, 2022, to June 30, 2023. Supplemental payments will only be available to providers that demonstrate to the department that they are using the supplemental payments to increase personal care assistant wages.

Explanation: These supplemental payments will improve workforce recruitment and retention in this essential sector of our healthcare system. The intent of this amendment may be achieved through a state plan amendment to the 1915 waiver program appendix K.

Representative LeBon OBJECTED.

Representative Josephson explained the amendment would be an \$8 million increase to home help providers who keep cost down by providing home assistance. He elaborated that much like Representative Zach Fields had spoken about the failure of the daycare industry, there had been a collapse in "this industry" as well. The amendment was designed to supplement the Medicaid reimbursement rate for personal care assistants. He read from a statement:

The COVID-19 pandemic has greatly exacerbated many labor crises, especially in healthcare. Personal care assistants are providers who serve our state's most vulnerable populations. They work in assisted living homes and other congregate settings, but as many of us know, they're most often serving elderly in their individual homes. The work is time consuming, necessary, and hard. It can involve lifting and moving an elderly patient to help them bathe, dress, take care of their medical needs, chores around their home, and help them maintain a decent quality of life and activities of daily living that help these elderly Alaskans remain independent. Again, when they are independent, we're driving costs down.

Experts in this field have told me the workforce population has declined as its wage has declined by 7 percent. Current median wages are \$16.66, but that's not what it once was. Many workers point to the long hours, commutes, physical labor, and low wages that lead to consistent attrition. The State of Alaska has several home and community based waiver programs that reimburse these providers as businesses and workers. These programs are effective ways to reduce the cost to the state by preventing these elderly Alaskans, often on Medicaid, from entering nursing home or congregate care settings. That care, as I know with my own mother's care in New Hampshire, can often approach \$30,000 a month.

Data also supports that those who live independently are healthier and have a longer lifespan. Moreover, the State of Alaska has a chronic shortage of nursing home beds, and that result is that helping our independent elders stay in their own communities and homes is a financial and moral imperative for our state. By supporting this workforce through a 15 percent supplemental payment, the state can help workforce recruitment and retention in a sector where providers are struggling to attract and retain workers.

Alaska has the fastest growing senior population. Alaskans aged 60 and over increased by 56 percent in the last 12 years roughly. Alaska will experience one of the highest increases of people aged 65 and older with Alzheimer's; it's believed sadly that that will go up 29 percent over the next five years. There are about 6,000 providers of personal care service in the state and there's a prediction from the Department of Labor and Workforce Development that demand for this occupation will increase by 21 percent between 2016 and 2026.

Representative Josephson relayed the department was available to explain how the funding could be utilized and implemented.

[3:06:37 PM](#)

Co-Chair Merrick asked if there had been an attempt to add the money in the subcommittee.

Representative Josephson replied there was a standalone bill, possibly HB 292. He stated there had been discussion about the topic, but the mechanics had required more time.

Representative Wool calculated that if there were 6,000 recipients the \$8 million would equal about \$1,300 per recipient and about \$100 per month. He asked how the money would be distributed. He asked if the money would go through providers.

Representative Josephson confirmed the money would go to providers. It was his understanding the method could work through a temporary waiver until statute could be passed.

It would require Centers for Medicare and Medicaid Services (CMS) approval and the state could receive a temporary rate increase.

[3:08:31 PM](#)

Representative Carpenter asked which providers would qualify for the money.

Representative Josephson answered they would have to be qualified providers currently receiving Medicaid payments.

Representative Carpenter asked for verification the amendment pertained to providers providing home assistance for people receiving Medicaid services in lieu of going to a nursing home or other facility.

Representative Josephson agreed.

Representative Carpenter declared a conflict of interest. He believed the concept of home healthcare was important; however, he had family that would be directly related to the amendment. He mentioned the conflict of interest out of an abundance of caution.

Co-Chair Foster noted that it was good to disclose the information in committee, but he believed the rule applied more on the House floor. He thanked Representative Carpenter for disclosing the information.

[3:10:01 PM](#)

Representative LeBon WITHDREW his OBJECTION.

Representative Rasmussen asked if the amendment only applied to an increase in wages and not operating costs. She had heard from a constituent with a child with cerebral palsy and another with autism who was a personal care assistant working two jobs. She shared that the woman's wages were not sufficient as a single mother to support her family. She supported the amendment if it was going out in the form of wages to personal care workers. She wanted to ensure there were not other uses allowed in the appropriation.

Representative Josephson answered it was his understanding the funding was for home care providers. He had been told

there was a similar successful program in Montana and Washington was implementing a program.

There being NO further OBJECTION, Amendment H DOC C was ADOPTED.

[3:11:47 PM](#)

Representative Johnson MOVED to ADOPT Amendment H DOL 1 (copy on file):

H DOL 1
Department of Labor and Workforce Development
Labor Standards and Safety

Delete full-time wage and hour investigator position.

1004 Gen Fund (UGF) -\$100,000

Representative Wool OBJECTED.

Representative Johnson explained the amendment. She relayed that the position had been added by the subcommittee and had not been requested by the department. She stated it left a number of questions such as who the boss would be, where the person would work, and why the position was needed. She noted that OMB Director Neil Steininger was available for questions.

Representative LeBon stated his understanding that the position was currently vacant.

Representative Johnson stated it was her understanding the new position had been created by the subcommittee.

Representative Wool shared that he chaired the subcommittee; he and other members had been instrumental in adding the position. He explained that wage and hour positions had been cut over the years. The subcommittee felt that with the influx of federal infrastructure dollars and construction projects and the increase in the state's capital budget that there would be more job sites and construction areas increasing the need for wage and hour inspectors. The subcommittee felt adding another inspector was prudent.

[3:13:58 PM](#)

Representative LeBon asked how many positions the agency currently had and if they were all filled. He asked if the agency had requested additional help. He wondered if the subcommittee was anticipating that the department would need more help.

Representative Wool answered the subcommittee had anticipated the division would need additional help. He elaborated that one of the subcommittee members had more intimate knowledge of the wage and hour division. He noted there had been positions cut. He relayed that the administration did not request the position. He did not know how many wage and hour positions there were. He estimated the current number at four or five for the entire state. He stated the number was insufficient for all of the jobs going on.

[3:15:38 PM](#)

Representative Thompson remarked that the positions had to travel to investigate. He asked if there would be a travel cost.

Representative Wool confirmed that the positions did travel to conduct inspections and ensure people were getting paid properly and jobs were being described properly. He did not know detail about the transportation aspect.

Vice-Chair Ortiz stated his understanding that wage and hour investigators were primarily in place to protect workers throughout the state and ensure people were being fairly compensated. He asked if investigators dealt with safety issues.

Representative Wool answered that wage and hour positions made sure jobs were classified correctly, that individuals were being paid for the job they were doing, and laws were followed around each position.

[3:17:26 PM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, replied that he did not have a complete answer to the question. He reported that the wage and hour administration section had 19 positions, 13 of

which were in the investigator class. He relayed there were also four wage and hour technicians.

Representative Wool thought the subcommittee had added one position to make the number five.

3:18:30 PM

AT EASE

3:20:02 PM

RECONVENED

Representative Wool MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Johnson, LeBon, Rasmussen, Thompson, Carpenter, Merrick

OPPOSED: Josephson, Ortiz, Wool, Edgmon, Foster

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment H DOL 1 was ADOPTED.

3:21:13 PM

Representative Johnson MOVED to ADOPT Amendment H LAW 1 (copy on file):

H LAW 1
Department of Law
Civil Division

Remove Funding to support recruiting efforts.

1004 Gen Fund (UGF) -\$100,000

Representative Josephson OBJECTED.

Representative Johnson thought it may be more appropriate to deal with the amendment later as it pertained to bonuses within the Department of Law.

Co-Chair Foster noted the committee could hold the amendment to hear it later.

Representative Johnson WITHDREW her motion at the time. She wanted to hold off on the amendment until the committee

dealt with an issue pertaining to bonuses. She would perhaps offer the amendment later in the meeting.

3:22:25 PM

Representative LeBon MOVED to ADOPT Amendment H MVA 1 (copy on file):

H MVA 1
Department of Military and Veterans Affairs
Restore Funding for Civil Air Patrol

In FY20, FY21, and FY22, the legislature funded the Civil Air Patrol at \$250.0 UGF, which was a reduction from \$453.5 in FY18. The Governor vetoed all FY20, FY21, and FY22 funding. This amendment would restore the Legislature's support for the Civil Air Patrol.

The Civil Air Patrol (CAP) is a nonprofit, volunteer organization and the official auxiliary of the United States Air Force whose primary purpose is search and rescue operations.

When conducting search and rescue as an asset of the Air Force or other federal agencies, the costs for the CAP missions are paid by those agencies.

The state appropriation will pay for utilities and insurance at facilities where CAP aircraft are stored and fuel for nonemergency operations such as proficiency flights for pilots and crew.

The Civil Air Patrol locates emergency beacons and assists in dozens of search and rescue missions in Alaska each year, CAP aircrews from the Alaska Wing provided aerial support and transport platforms to the U.S. Coast Guard during the Covid pandemic.

The relatively small amount of state funding provided through this amendment will support a significant volunteer contribution to the safety of Alaskans.

1004 Gen Fund (UGF) \$250,000

Representative Rasmussen OBJECTED for discussion.

Representative LeBon thanked the other committee members who had signed on to the amendment [Representatives Thompson, Johnson, Rasmussen, and Josephson]. He hoped the fourth time was the charm to support the Civil Air Patrol. He explained that the amendment would add \$250,000 to the Department of Military and Veterans Affairs (DMVA) in support of the Civil Air Patrol. He asked for members' support.

Representative Thompson thought the Civil Air Patrol had been moved from DMVA to the Department of Public Safety under the Alaska State Troopers.

Co-Chair Foster asked to hear from Mr. Painter or Mr. Steininger.

Mr. Painter asked Representative Thompson to repeat the question.

Representative Thompson complied.

Mr. Painter believed there had been a proposal to move the Civil Air Patrol, but it had been vetoed; therefore, it had never been funded in the other department.

[3:25:07 PM](#)

Representative Josephson highlighted that the item had bipartisan support, but it had been vetoed by the governor multiple times. He did not understand why. He stated people's lives could be saved by the Civil Air Patrol. He stated that the cost was inexpensive, and the service was needed. He thanked Representative LeBon for offering the amendment.

Representative Carpenter stated that the Civil Air Patrol had been a volunteer organization. He relayed that as an auxiliary of the Air Force, if the Civil Air Patrol was called into service, the Air Force helped provide funding during the missions. He relied on the state's aviation, and he saw the value, but it was a volunteer service pilots provided. He thought it should remain a volunteer organization. He believed it may explain the policy call made by the administration to help maintain the Civil Air Patrol as a volunteer organization. He opposed the amendment.

Vice-Chair Ortiz believed the amendment would provide \$250,000 to support the operations of the Civil Air Patrol. He believed the organization would remain a volunteer organization and the funding would be used for things like fuel. He did not think they could necessarily make the equation that providing the \$250,000 would somehow forego the voluntary nature of the organization.

Representative LeBon answered that the money would be spread among 11 Civil Air Patrol auxiliary units across the state. The unit in Fairbanks used the money to keep their facility lit and heated with an aircraft or two in the hangar and ready to take off when called.

Co-Chair Foster added his support for the funding. He believed more volunteer organizations like the Civil Air Patrol were needed. He believed any support the legislature could provide to the organization was positive.

[3:29:08 PM](#)

Representative Edgmon stated he was on the cusp of asking for the question to be called. He remarked there were numerous amendments to get through. He saw broad support around the table for Amendment H MVA 1.

Representative Johnson stated that it was not a bad idea to give some gas to people who were going to fly around to look for someone. She explained that it did not constitute subsidizing an organization; it provided for costs. She stated that the legislature could not come close to subsidizing an organization like the Civil Air Patrol.

Co-Chair Foster agreed with comments made by Representative Edgmon. He elaborated that in years past finance committees had done things a little differently. There had been more latitude given in the current committee by allowing agencies, OMB, LFD, and others to answer questions about amendments. He stated that they had gone down many rabbit holes and many of the questions should have been vetted in subcommittee or at the finance level. He explained the current process was typically a situation where committee members would be called upon to defend their own amendments.

Representative Rasmussen WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment H MVA 1 was ADOPTED.

[3:31:20 PM](#)

Representative Thompson MOVED to ADOPT Amendment H DNR 1 (copy on file):

H DNR 1
Department of Natural Resources
Fire Suppression, Land and Water Resources
Reverse Collect and Compile Data to Identify Potential Renewable Energy Projects
Offered by Representatives Thompson and Rasmussen

HCS2 includes an increment from the Governor's amended FY23 budget to form a renewable energy program within DGGs, adding \$262.0 in UGF and two PFT positions. This decrement would reverse the increment, removing the funding and added positions.

1004 Gen Fund (UGF) -\$262,000

Representative Wool OBJECTED.

Representative Thompson explained the amendment that would delete \$250,000 and two permanent full-time positions. He read a statement:

The reason I'm offering this amendment is to avoid duplication of services. The Alaska Energy Authority already performs most of these functions to form a renewable energy program and has put together a list of renewable energy projects within those communities that are on PCE and also in areas where PCE is not applicable.

[3:32:20 PM](#)

Representative Wool was familiar with the Alaska Energy Authority (AEA) and much of the work the agency did with renewable energy but was not familiar with the topic addressed by the amendment. He asked if it was a new program in the Department of Natural Resources (DNR) that was duplicative of AEA.

Representative Thompson answered that that the increment went towards the creation of a new program that was duplicative of what AEA was already performing. He stated that the increment went towards funding two permanent full-time positions to do the same thing AEA was doing.

[3:33:41 PM](#)

AT EASE

[3:35:14 PM](#)

RECONVENED

Co-Chair Foster asked to hear from OMB.

Mr. Steininger relayed that the increment had been added in the governor amendments submitted in February. The amendment would add two positions to DNR. He explained the intent was not to be duplicative but to work with AEA and other entities looking at various emerging energy opportunities in Alaska to make the data publicly available. One position was an analyst programmer that would be working to bring the data sets together and make them publicly available. The second position was a geologist or another scientist position that would work with the programmer to look at information DNR had available through Geological and Geophysical Surveys that could be made publicly available to enhance opportunities for renewable energy and research opportunities the state could take advantage of. He added the increment was part of several governor amendments related to renewable energy opportunities introduced in February.

Representative Wool asked if the increment was tied to geothermal. He observed the increment was with DGGS [Division of Geological and Geophysical Surveys]. He remarked that the committee had heard a presentation on geothermal. He thought AEA did other things besides geothermal.

Mr. Steininger confirmed that part of the work related to geothermal. He explained that the increment did not pertain to one specific renewable energy, but to many different types of renewable energy. The positions would be working with AEA but separate from the agency's core mission.

Representative Edgmon communicated that he may support the amendment because he was uncertain why the increment was not in AEA to begin with. He was prepared to vote.

Representative Thompson provided wrap up on the amendment. He stated that AEA already had a priority list of potential projects and shovel ready projects aimed at helping rural communities with energy needs. He stated that AEA already did most of the work and the increment was a duplication. He stressed that AEA was already constantly looking at new projects to reduce energy costs. He did not support paying \$262,000 for two new positions that would perform work that was already done. He added that AEA was looking at a variety of things including nuclear batteries, hydro, and other.

[3:39:31 PM](#)

Representative Josephson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: LeBon, Rasmussen, Thompson, Carpenter, Edgmon, Merrick

OPPOSED: Josephson, Ortiz, Wool, Johnson, Foster

The MOTION PASSED (6/5). There being NO further OBJECTION, Amendment H DNR 1 was ADOPTED.

[3:40:52 PM](#)

Representative Rasmussen MOVED to ADOPT Amendment H DPS 1 (copy on file):

H DPS 1
Department of Public Safety
Council on Domestic Violence and Sexual Assault
Additional costs related to utilities

To allow the emergency programs and child advocacy centers to pay the additional costs related to utilities

In Alaska there are 33 domestic violence, sexual assault, and child advocacy programs offering services to assist those escaping or healing from crimes that have been committed against them. These programs

receive a majority of their funding through the Department of Public Safety (DPS), Council on Domestic Violence and Sexual Assault (CDVSA) grants line.

Each of these programs must maintain a building and/or space in their community for victims of these crimes that provides safety and security while providing much needed support by advocates.

In FY22, these programs found they were unable to attract qualified applicants to fill advocate positions necessary to have the 24/7 presence required to meet the needs of victims. In order to attract qualified staff, they increased their wages to be competitive in their communities. At the point they increased wages, they were competing with fast food and department stores at \$15 to \$17 per hour. Most programs increased to a minimum of \$20 an hour out of necessity to get staff.

This had left the programs without any extra in their budgets. They have cut out supplies, travel, and in some cases, have had to reduce what services they could provide in order to have a balanced budget.

Now they are finding that their utility costs will increase anywhere from 10% to 50% depending on what type of utilities are available in their communities.

The rising cost of oil is anticipated to increase the cost of utilities in these 33 organizations \$500,000 in FY23. The amount of \$500,000 is based upon calculations received from the programs on their total cost of utilities and their anticipated increases. Each community has anticipated a different percentage of increase in their utilities depending on the type of utilities they use.

A map of where programs are located is attached.

1004 Gen Fund (UGF) \$500,000

Co-Chair Merrick OBJECTED for discussion.

Representative Rasmussen explained the amendment would assist emergency programs providing shelter or aiding Alaskans experiencing domestic violence, sexual assault,

and other child advocacy programs, with the rising costs of utilities. The amendment had been brought forward by one of the 33 programs working in the areas. She stated help was needed now more than ever for Alaskans experiencing the traumas. She asked members for their support.

Co-Chair Merrick WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment H DPS 1 was ADOPTED.

[3:41:57 PM](#)

Representative LeBon MOVED to ADOPT Amendment H DOT 1 (copy on file):

H DOT 1
Department of Transportation and Public Facilities
Marine Highway System
Swap federal funding for UGF portion of CY22 funding level

The fund source in 23Gov was Fed Rcpts: HCS1 changed the fund source to UGF. This amendment changes the fund source back to Fed Rcpts to match 23Gov.

1002 Fed Rcpts (Fed) \$59,382,000
1004 Gen Fund (UGF) -\$59,382,000

Vice-Chair Ortiz OBJECTED.

Representative LeBon explained that the amendment would replace \$59 million UGF with \$59 million in federal receipts related to the Alaska Marine Highway System (AMHS) fund sources. The amendment also replaced \$5 million in federal receipts with \$5 million in marine highway receipts. He detailed that the amendment restored funding sources to the governor's original proposed budget. The details regarding the funding sources and support as proposed in the budget was the reason for the amendment. He needed a little more information to understand why the change was made either at the subcommittee level or in the committee substitute. He was interested in learning more background information.

Co-Chair Foster asked Vice-Chair Ortiz if the change was at the subcommittee level.

Vice-Chair Ortiz answered affirmatively.

Co-Chair Foster asked for information on why the change had been made by the subcommittee.

Vice-Chair Ortiz explained that the \$59 million in general funds was slightly less than had been appropriated the previous year. He stated it was in response to a couple of things. First, the state's federal delegation, most notably Senator Lisa Murkowski, was able to garner funding for AMHS through the federal Infrastructure Investment and Jobs Act (IIJA). He detailed that Senator Murkowski had made it clear to legislators that she had to do quite a bit of heavy lifting to secure the funding. She did not want there to be a message that the state was exempt from any financial obligations towards AMHS and that the federal government could run AMHS.

Vice-Chair Ortiz explained that the funding was in support of the AMHS and public transportation system. He explained it was in support of the real need for resources to rebuild an aging fleet that had become unreliable. He elaborated that restoring the \$59 million in general funds freed up more of the federal funds to do what was needed to ensure long-term sustainability of the marine highway system by rebuilding the fleet and putting funds towards capital expenditures in the repair of the existing fleet and building new ships. The idea was to return the ferry system to a reliable, dependable program, which it had not been for a number of years primarily due to the declining ability of the fleet to meet the schedule.

[3:47:13 PM](#)

Co-Chair Foster added that in FY 22 the UGF component had been about \$60 million to \$61 million. He noted there were also receipts from the AMHS fund. He believed the FY 22 total for AHMS was \$141 million. He would confirm the total when the OMB director returned to the meeting. He added that the governor's budget had switched all funding over to IIJA; there had been no UGF component included. It was his understanding that Senator Murkowski had indicated that federal IIJA money was typically capital funding, but she had been able to get an exemption to also use the funds for operating expenses. He relayed that Senator Murkowski had also indicated it would be good if the State of Alaska

contributed some UGF as well. He clarified the increment was not higher than the previous year.

Representative Edgmon added that the \$1.2 trillion in federal infrastructure funding had happened quickly. He noted there had been a lot of interpretation that took place afterwards. He stated his understanding that Senator Murkowski had been able to get the word "operations" included in the [IIJA} bill; therefore, the funding for AMHS was for capital infrastructure in addition to operations. He believed in the aftermath of the signing of the federal bill on November 19 [2021], there was a bit of reexamination that took place. He thought Senator Murkowski had determined it may be in the best interest of the state to put state money into operations in order to secure the revenue stream in perpetuity. He explained it would help Senator Murkowski's efforts going forward to perhaps make the money. He noted it was \$61.7 million the previous year according to Co-Chair Foster's staff. He believed there was an opportunity to receive the federal funding in perpetuity, but at present the state was being asked to provide a little more than the legislature actually thought. He supported the decision made by the subcommittee.

Co-Chair Foster noted the committee was trying to get the AMHS budget numbers for FY 22 and FY 23.

[3:50:46 PM](#)

AT EASE

[3:51:09 PM](#)

RECONVENED

Representative Edgmon clarified that he opposed the amendment and would support the funding stream.

Representative Rasmussen asked about the fuel expense for AMHS the previous year. She was trying to understand the total add in the current budget. She believed the legislature was also anticipating the federal receipts in the future, perhaps in the capital budget. She thought it looked like the budget included \$120 million plus however much an added \$27 million was going towards fuel expenses.

Co-Chair Foster asked to hear from LFD.

MICHAEL PARTLOW, ANALYST, LEGISLATIVE FINANCE DIVISION, answered that he did not have the exact number for fuel expenditures, but could follow up.

Co-Chair Foster asked for verification that the FY 22 UGF budget for AMHS was \$61.7 million.

Mr. Partlow agreed.

Representative Edgmon remarked on the goal of using IIFA funds to rejuvenate AMHS and build its schedule back up. He remarked that the schedule had been scaled way back the previous year. He believed the current proposed schedule was a bit more robust.

Vice-Chair Ortiz confirmed that the schedule was more robust. He stressed that the schedule had been greatly reduced in the past couple of years. He elaborated that the fuel expenditures the previous year would be significantly less than what the state hoped they would be even excluding the cost for increases. The hope was for the ferries to provide much more service in the coming season.

[3:55:03 PM](#)

Representative LeBon asked if there would be federal funds building up the vessel repair and replacement reserves account.

Mr. Steininger answered that federal revenues would not be placed into the vessel replacement fund unless there was an appropriation. He explained there had to be an appropriation of the federal revenues in order to use them. He elaborated that to date, the state did not have guidance from the FTA [Federal Transit Administration]; therefore, the state did not know whether a deposit into the vessel replacement fund would be an allowable use. He noted it would be an allowable use of UGF.

Representative LeBon stated that federal receipt authority would be required from the state to receive the federal funds. He asked when the state could expect to receive the funds.

Mr. Steininger answered that the program was \$200 million annually at a national level. He believed the last time he had spoken to the committee about the issue, the state was

still awaiting the federal omnibus appropriation act, which freed up the federal FTA to begin issuing guidance. The FTA was now free to issue guidance, but it was taking some time. The state did not have direct guidance currently on the amount coming to Alaska. He added that most indications had pointed towards receiving most if not all of the \$200 million, but it was not a sure thing. The \$135 million in the governor's budget was within the realm of reasonability of what the state expected to receive.

Representative LeBon asked if the funds would be received at the beginning of the next fiscal year in July.

Mr. Steininger answered that the state did not currently know when the funds would be received. He relayed that the effective date of the program on a federal fiscal year basis had already started. The state was anticipating receiving the money well in advance of when it would be required to continue AMHS operations.

Representative LeBon WITHDREW Amendments H DOT 1 and H DOT 2 (copy on file) now that he understood the role that state funding would play in the operations of AMHS and in anticipation of the receipt of federal dollars for vessel maintenance and repair.

[3:58:45 PM](#)

AT EASE

[3:59:34 PM](#)

RECONVENED

Co-Chair Foster MOVED to ADOPT Amendment H LEG 1 (copy on file):

H LEG 1
Alaska Legislature
Legislative Council

Add attorney and reclass two positions

1004 Gen Fund (UGF) \$178,000

Co-Chair Merrick OBJECTED for discussion.

Co-Chair Foster asked his staff to explain the amendment that came at the request of Legislative Legal Services.

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, explained that the amendment would fund one new attorney position within the Legislative Legal Services. Additionally, the amendment included funding to reclassify two positions in order for Legislative Legal to handle the current workload. The increment was proposed as an amendment because it had come up after the subcommittee process had concluded.

Co-Chair Foster added that throughout the years of state deficits everyone had done their part to keep costs down. He believed many would agree that Legislative Legal was overtaxed and worked nights and weekends but was paid for 7.5 hour days.

[4:01:31 PM](#)

Co-Chair Merrick asked members to be prudent in their requests to Legislative Legal Services. She noted that sometimes people put in frivolous work for the attorneys to do and she hoped people would evaluate the need for that in the future.

Co-Chair Merrick WITHDREW her OBJECTION.

Representative Thompson OBJECTED for discussion. He had heard there was a need for a Legislative Research position. He wondered if the topic had been discussed.

MEGAN WALLACE, DIRECTOR, LEGISLATIVE LEGAL SERVICES (via teleconference), answered that she was not specifically aware of a request from the research department, but she could follow up.

Co-Chair Foster did not recall a request coming in for the position.

Representative Thompson thought it may be a future subject.

[4:03:35 PM](#)

Representative Thompson WITHDREW the OBJECTION.

Representative Wool OBJECTED for discussion. He asked if the workload had increased in the last several years compared to years prior.

Ms. Wallace responded that over the past ten years the division had seen the total drafting requests continue to increase annually. She explained that the requests included in increases in amendments, bills, committee substitutes, and new drafts. She noted that one of the changes the division had seen over the past four years was a substantial increase in the need for Legislative Legal to be involved in litigation, whether it was the litigation of cases on behalf of the legislature or working alongside outside counsel retained by the legislature. Additionally, legislative procurements had increased over the years. She relayed that the division was being pulled in many different directions, which was reflected in the total number of work requests being tracked by the division in addition to the amount of overtime division employees were working.

Representative Wool echoed the words of Co-Chair Merrick and hoped that members of the legislature would be more thoughtful when requesting work from Legislative Legal.

Representative Carpenter asked how many attorneys worked for Legislative Legal Services.

Ms. Wallace answered they currently had 14 attorneys including herself and the deputy director. The attorneys were primarily responsible for the day-to-day drafting requested by legislators. Additionally, there were four revisers and a full production team consisting of legal editors, assistant editors, proofreaders, administrative assistants who assist in the peer review process used to produce and review legislation and work product.

[4:07:54 PM](#)

Representative Carpenter asked if the division tracked or kept work requests by individual or office. He was not looking for particular names. He was wondering where the work was coming from and how many people were using the system.

Ms. Wallace answered that the division served all 60 legislators and received requests from legislators and staff. The division could provide statistics breaking down how many of the requests came from one body versus the other. She remarked that because the House had twice as

many members, the division tended to see more requests from the House. She relayed that workorders varied dramatically in terms of level of difficulty between one workorder and the next. She explained that one may be a short amendment, and another may be a bill that took a couple of weeks to produce.

Representative Carpenter was inclined to believe an increase in attorney positions was warranted, but he did not know for certain. He thought a redacted list from Legislative Legal showing the number of requests by office may be useful. He stated the list would show how many people were placing requests and an average number of requests. He suggested that perhaps if the legislature policed itself and was more disciplined, the new positions would not be needed. He wondered if the list could be provided.

Ms. Wallace answered that over the last 10 years beginning with the 28th legislature, the office received over 6,852 requests. The number went up to 7,186 in the 29th legislature and 7,591 in the 30th legislature. She elaborated that in the 31st legislature the House took 30 days to organize, and the following session was the pandemic; therefore, the work orders dropped to 5,367, but overtime hours - likely tied to the amount of litigation and other advice provided to the legislature - remained steady. She did not have the numbers for the current session, but the 31st numbers had already been surpassed and they were looking to be more on trend with pre-pandemic levels.

Representative Carpenter was curious about the previous decade as well. He did not know if 7,000 was a substantial amount compared to the previous decade.

[4:12:42 PM](#)

Ms. Wallace did not have the figures on hand. The division did not bring the request [for the positions] to the legislature easily. She detailed that the division had worked hard internally to develop as many efficiencies as possible. She elaborated that Legislative Legal had tried to make internal policies to focus on employee burnout and overtime that had a direct impact on the division's ability to retain good staff. She highlighted that Legislative Legal carried substantial institutional knowledge for the

legislature and it was important to her to retain good staff to better serve the legislature. The division had consistently seen over the past 10 years that turnover was a regular part of state employment, particularly with the change in the retirement benefits system. Over the last four years, the office had averaged at least 4,800 hours of overtime. She had determined that by adding another position and reclassifying a couple of positions to help distribute the workload, the division could continue to tackle the workload issues and focus on retaining its quality staff.

[4:14:57 PM](#)

Representative Carpenter appreciated the information from Ms. Wallace. He was a little concerned that a common occurrence in organizations was a lack of inefficiency leading to the need to hire additional staff. He considered that if the other alternative was to increase efficiency, the added expense would not be necessary. He thought instead of spending \$178,000, the answer was to become more disciplined. He considered how it would impact the legislature's focus if fewer amendments and bills were offered. He believed it could make the legislature more effective. He did not know whether he wanted to enable more amendments and bills by adding another attorney. He thought there was likely a better solution.

Representative Rasmussen asked if there was anything in statute prohibiting Legislative Legal from disclosing the number of hours it spent per legislative office. She noted that legislators had expense accounts, per diem, and relocation expenses were transparent to the public. She remarked that work done by Legislative Legal was another cost incurred by legislators. She asked if it was precedent or statute preventing the information from being available.

Ms. Wallace responded that the drafting requests were confidential under AS 24.20.100. She shared that the office had been very conservative in terms of the information it disclosed about requests made to the office. She was not certain Legislative Legal could disclose the total number of requests by each member of the legislature. The office could provide general statistics about what offices had historically requested. There were some ways that statistics could be broken down more specifically. For

example, the office could provide information on bills that were publicly introduced with members' names attached.

[4:18:19 PM](#)

Representative Rasmussen asked if there was any confidential information that would be determined by stating the number of hours the division had worked for any specific office.

Ms. Wallace replied that the division did not track its work by hour. They tracked the numbers of requests and type of requests, but because the office juggled so many things at one time, it would be almost impossible to give a time value to work that was done. She explained there were attorneys who testified in committee and worked on drafting a bill at the same time. She relayed that it may be possible to provide information on the number of requests coming from each office.

Representative Edgmon stated it was an open secret in the building that a small number of legislators comprised an inordinate amount of work for Legislative Legal. He highlighted that one member had introduced 49 bills. He shared that he personally had introduced 2. He stated that 95 percent of the high number of amendments introduced on the floor did not pass. He stressed it was a tremendous amount of work. He did not know if it equated to \$178,000 and an additional position in Legislative Legal because attorneys did more than draft bills, but it was frustrating because the legislature did not have the ability to set parameters. He agreed with Representative Carpenter that there was an inefficiency and discipline aspect. He wondered where to go from here. He wondered if another position would need to be added in four to five years as bill requests kept coming forward.

Representative Edgmon found the issue very frustrating. He knew there were privacy laws that prevented getting the numbers Representative Rasmussen had asked about. He would love to see the information and believed there were a very lopsided number of amendments coming from a small number of legislators. He was open to any suggestions to level the playing field and reduce the amount of work that he thought was generated for reasons that were outside of genuine in terms of getting a product through the system to help the general public.

[4:21:52 PM](#)

Representative LeBon asked if Legislative Legal tracked the number of bills that were drafted and sent to individual offices but were not actually filed with the Chief Clerk's Office to be read across the floor.

Ms. Wallace answered that the division was able to track the information. The division had been looking at the issue for some time. She recognized that adding a position would not cure workload issues experienced by Legislative Legal. She explained that adding a position helped stay ahead of the turnover curve without lagging behind in training someone to fill a new position. She detailed that legislative drafting was highly specialized and it rare to find an attorney with the specific experience, particularly in the state. She elaborated that it generally took one to two years to pull someone up to full speed to be familiar with their subjects and efficiently producing workorders. Additionally, there were many policy decisions the legislature could make through Uniform Rules changes or other policy decisions such as bill introduction limits or amendment reform that could help with Legislative Legal resources.

Ms. Wallace shared that when she had pulled statistics for the last couple of legislatures, there had been 777 bills and resolutions introduced in the House and Senate in the 30th legislature, while Legislative Legal had received 1,161 drafting requests. In the 31st legislature, there had been 659 bills and resolutions introduced, while there had been 1,163 requests received. She relayed that so far in 32nd legislature there were 1,204 requests for new bills and resolutions and only 757 introduced thus far.

[4:25:16 PM](#)

Representative Carpenter thought the committee should keep in mind that legislators needed legal opinion when trying to solve an issue by modifying statute. He stated that submitting a workorder was the only process available to legislators. He pointed out that it could take a couple of years of back and forth between an office and Legislative Legal before a bill was ready for introduction. He did not know that the difference between the drafts requested and the bills that were introduced was indicative of a problem.

He remarked that the House Minority did not have an attorney to seek advice from on how to solve a problem by statute. He was interested in a redacted list showing an average or acceptable workload and the associated costs. He stated that if legislators kept making "all these requests" it would cost money.

Representative Johnson believed there were some specific problems and ways the legislature could work to get a report to try to identify why the workload had increased and potentially find a solution. She clarified that those things were not currently before the committee for consideration. The committee was currently considering the addition of another position. She did not like the idea that people were doing things frivolously or causing work inordinately and she thought it was shameful. Her desire was to see the legislature work as well as it could. She wanted to make sure Legislative Legal had the resources it needed in order to respond to legislators who were working their best to do their jobs well. She supported the amendment.

Representative Wool WITHDREW the OBJECTION.

Representative Carpenter OBJECTED. He thought it would be prudent to further understand the root of the problem prior to adding cost.

A roll call vote was taken on the motion.

IN FAVOR: LeBon, Ortiz, Rasmussen, Thompson, Wool, Edgmon, Johnson, Josephson, Merrick, Foster
OPPOSED: Carpenter

The MOTION PASSED (10/1). There being NO further OBJECTION, Amendment H LEG 1 was ADOPTED.

[4:30:02 PM](#)

Co-Chair Foster stated he was hoping to continue the meeting until 5:30 p.m. or later. He listed the sections of the bill with remaining amendments.

[4:30:55 PM](#)

AT EASE

[4:50:43 PM](#)

RECONVENED

Co-Chair Foster returned to the remaining language section amendments.

Representative Thompson MOVED to ADOPT Amendment L12 Replacement, 32-GH2686\R.36 (Marx, 3/23/22) (copy on file):

Page 1, lines 3-12, of the amendment:

Delete all material and insert:

""(e) The operating budget appropriations made in sec. 1 of this Act include amounts to:

- (1) pay bonuses and other financial incentives to employees of the executive branch who are subject to the salary schedule in AS 39.27.011 or whose compensation is based on the salary schedule in AS 39.27.011 for the fiscal year ending June 30, 2023; and
- (2) implement the payment of bonuses, financial incentives, and other monetary terms of the following agreements for the fiscal year ending June 30, 2023;
 - (A) "Letter of Agreement between the State of Alaska and Public Safety Employees Association representing the Public Safety Officers Bargaining Unit, State Trooper Hiring Bonus, 22-AA-008," dated August 4, 2021;
 - (B) "Letter of Agreement between the State of Alaska and Alaska Correctional Officers Association representing the Correctional Officer Bargaining Unit, Correctional Officer Hiring Bonus/Recruitment Incentive, 22-CO-007A (Amended)," dated September 14, 2021;
 - (C) "Letter of Agreement between the State of Alaska and the Alaska Public Employees Association / AFT representing the Supervisory Unit, Department of Health and Social Services, Alaska Psychiatric Institute Nurse III-IV; Hire Incentive, 22-SS-041," dated October 4, 2021;
 - (D) "Letter of Agreement between the State of Alaska and the Alaska Public Employees Association / AFT representing the Supervisory Unit, DOC Nurses III-IV and Psychiatric Nurses III; Retention Incentive, 22-SS-050," dated October 6, 2021;

- (E) "Letter of Agreement between the State of Alaska and the Alaska Public Employees Association / AFT representing the Supervisory Unit, DOC Nurse III-IV, Psychiatric Nurses III, Physician Assistant/Advanced Practice Registered Nurse II, 22-SS-044A (Amended)," dated January 21, 2022;
- (F) "Letter of Agreement between the State of Alaska and the Alaska Public Employees Association / AFT representing the Supervisory Bargaining Unit, Adult Probation Officer Hiring Bonus, 22-SS-148," dated January 21, 2022;
- (G) "Letter of Agreement between the State of Alaska State Employees Association representing the General Government Bargaining Unit, Adult Probation Officer Hiring Bonus, 22-GG-146," dated February 14, 2022."

Page 105, line 26, following "CONTINGENCY."
Insert "(a)"

Page 105, following line 29:

Insert a new subsection to read:

"(b) The appropriations made in sec. 44(e)(1) of this Act are contingent on the passage by the Thirty-Second Alaska State Legislature in the Second Regular Session and enactment into law of a bill authorizing the payment of bonuses or other financial incentives to employees of the executive branch who are subject to the salary schedule in AS 39.27.011 or whose compensation is based on the salary schedule in AS 39.27.011."

Representative Josephson OBJECTED.

Representative Thompson asked his staff to address the amendment. He noted that Marie Marx [with Legislative Legal Services] was also available to explain the amendment.

TOM WRIGHT, STAFF, REPRESENTATIVE STEVE THOMPSON, explained there were seven current letters of agreement filed with the Department of Administration. The amendment authorized the retention bonuses that primarily ended in FY 22 and added them to Section 44 (e) that ratified other monetary agreements within the bill. In terms of noncovered employees/exempt employees, any appropriation for retention bonuses or other would require substantive legislation.

Representative Josephson asked if Mr. Wright believed the replacement amendment honored existing letters of agreement.

Mr. Wright replied affirmatively.

Representative Josephson asked for verification that the replacement amendment did not preserve the governor's wishes in helping the Department of Health and Social Services.

Mr. Wright responded that he did not know what the governor's wishes were.

Representative Josephson replied that the governor wanted to make the Office of Children's Services (OCS) a more desirable place to work. He asked for verification that the amendment did not protect the administration in that respect.

[4:54:33 PM](#)

Mr. Wright stated his understanding that the letter of agreement ended at the end of FY 22. He deferred to Mr. Steininger or Ms. Marx for more information.

Representative Josephson requested to hear from Mr. Steininger.

Mr. Steininger believed Representative Josephson's question was about the increments introduced in the governor's amended budget related to recruitment bonuses for OCS employees. The office was not yet covered under a letter of agreement; it was currently a proposal in the budget. He interpreted the amendment to cover the existing letters of agreement for recruitment bonuses; therefore, he did not believe the OCS bonuses were included in the amendment.

Representative Josephson surmised that letters of agreement could be crafted and agreed to within one calendar day in some circumstances.

Mr. Steininger assumed that was the case, but he did not want to promise something on behalf of the Division of Personnel and Labor Relations because he did not know the technical work the process entailed.

Representative Josephson referenced his earlier reference to a list of 16 different existing incentive and bonus packages. He remarked there were perhaps others that were not included on the list. He asked about Mr. Steininger's confidence level that the amendment captured everything preexisting the OCS workers and Department of Law attorneys.

Mr. Steininger answered that of the 16, the amendment captured the ones with an effective date that rolled into FY 23. He relayed that many were only effective through FY 22. He noted there were other letters of agreement that addressed financial incentives for covered employees. For example, mission critical pay incentive, shift differentials, or other things of that nature. He relayed that the Division of Personnel and Labor Relations and the Department of Law were actively working through the process of ensuring the letters were catalogued.

[4:58:57 PM](#)

Representative Josephson clarified there were corrections [officers], nurses, and physician's assistant bonuses extending through June 2024. He asked if all of the aforementioned bonuses were approved and blessed by the amendment.

Mr. Steininger responded that it was his understanding. He deferred to the amendment sponsor.

Mr. Wright stated it was his understanding after speaking with the [Legislative Legal] drafter.

MARIE MARX, LEGISLATIVE COUNSEL, LEGISLATIVE LEGAL SERVICES (via teleconference), replied that the seven agreements listed in the amendment were for FY 23. It was her understanding that some of the 16 mentioned did not go into FY 23 and would end on June 30, 2022. She stated it was a policy call on whether to include those agreements. She directed any policy call questions to the amendment sponsor.

Representative Josephson thought it sounded like there was a difference of opinion. He noted that the information did not indicate the date when the letters of agreement ended. He noted that subsection 2, line 8 referred to June 30,

2023, but the bonuses extended beyond that date. He asked if the legislature would be back in a year with unresolved issues about the efficacy of the letters of agreement.

Ms. Marx responded that she believed there was a procedure used for collective bargaining agreements. She deferred to the Legislative Finance Division to better explain the procedure. She explained her understanding that collective bargaining agreements were listed in the first fiscal year and in subsequent years the legislature appropriated the funding annually in the numbers section [of the operating budget]. She anticipated the legislature would do the same in the current case; it would approve the letters of agreement and in subsequent years it would include an appropriation for the second and third years of the agreements in the numbers section of the budget.

[5:03:16](#)

Mr. Painter answered that with collective bargaining agreements with a monetary term, the monetary term would be included in the language section [of the budget] for each year there was a change. For example, if there was a union agreement with a 3 percent raise the first year followed by a 1 percent raise in the second and third years, salary adjustments would be included in the numbers section for all of the years with a raise. Additionally, the language section would include language specifying the legislature was fulfilling the terms of the union agreement. In the current case, if there was a letter of agreement that stretched beyond one year, he expected it could be listed again in the back of the bill; however, he would not expect there to be a difference in the amount that would need to be appropriated; therefore, it may not need to be mentioned in the budget next year. He stated it would depend on the nature of the agreement.

Representative Josephson compared the original Amendment L12 with Amendment L12 Replacement. He observed that the deletion of all materials on lines 3 through 12 of the original amendment failed to reinsert the back pages listing the bonuses in question. He remarked that the idea had been to delete a bonus for the Department of Commerce, Community and Economic Development and bonuses to public health nursing, social workers, and the Department of Law. He highlighted that the aforementioned bonuses were not reinserted into the amendment. He asked for verification

that the adoption of the amendment would delete the bonuses.

Mr. Painter believed the intent of the revised amendment was to eliminate the number sections. He explained that Legislative Legal had written the amendment dealing with the language section; however, the amendment itself contained both language section amendments and a numbers section amendment. He believed the amendment sponsor could clarify the intent was to remove the numbers section parts from the revised amendment.

Mr. Wright believed it was the intent. He clarified that substantive language was required to allow any increases or salary adjustments for non-covered employees.

[5:06:19 PM](#)

Representative Josephson asked if it was a "bookend situation." He remarked that while Mr. Wright was correct, the other half of the bookend was needed. He stated that the appropriations were needed to honor what the administration wanted and what his Department of Law subcommittee intended. He stated that at some point the appropriations had to take place in addition to, for example, Mr. Wright's temporary act.

Mr. Painter agreed that the appropriations would be needed in the numbers section and the approval would be needed in the language section. In the case of noncovered employees, substantive legislation would also be required as specified in the contingency language.

Representative Josephson MAINTAINED the OBJECTION to Amendment L12 Replacement.

Representative Wool referenced earlier testimony by Ms. Marx that a bonus could not be given without the law backing it up. He observed that the amendment cited numerous letters of agreement, which he surmised was the law needed to back up the bonuses. He referred to Representative Josephson's statement that the social workers and others perhaps do not have the letter of agreement yet; the bonus was in the budget but had not been formalized. He reasoned if there was no letter of agreement it could not be done, and he surmised that contingency language could not be included. He remarked that the

governor and Representative Josephson wanted the bonuses included. He asked if the problem was the absence of a letter of agreement and the inability to reference it in the budget.

Mr. Painter answered that the employees in the General Government Unit (GGU) were currently negotiating for FY 23, so their existing letters of agreement modify their current agreement in effect through the end of FY 22. He explained that the union would have an agreement for FY 23, but negotiations had not been finalized. It was his expectation that eventually a bargaining contract for the employees would be brought forward to the legislature during the current session to be included in the budget. He stated it had not yet happened; therefore, it could not be included yet.

[5:09:23 PM](#)

Mr. Steininger confirmed the statements by Mr. Painter. There had not yet been a bargaining unit agreement negotiated with the GGU. Once the agreement had been negotiated it would be submitted to the legislature including any other budget adjustments necessary for the bargaining unit agreement. He explained that the proposed recruitment bonuses for eligible employees with the Office of Children's Services (OCS) who were part of the GGU would be contemplated under an agreement with GGU. The administration had publicly supported the bonuses for the particular employees.

Representative Wool asked if the bonuses could be put in a letter of agreement, which was negotiated and brought to the legislature and added to the numbers section [of the budget]. He asked if the union could include the bonuses in their letter of agreement, so the bonuses would automatically be inserted in the budget once it was completed. He asked if it meant the legislature would not have to include the bonuses separately.

Mr. Steininger answered that there was a difference of opinion between the Department of Law and Legislative Legal Services on the situation. He stated that the bonuses for OCS employees could be included in the contract the state entered into with the GGU, which would be included in the monetary terms sent forward. He explained an additional budget amendment would not be needed because the terms

would have already been put forward; however, it would need to be included in the appropriation bill with salary adjustments reflected in the numbers section and in the salary and other benefits section of the bill's language section. He noted that if it had not been included in the contract but came in through a letter of agreement, it would be handled slightly differently.

Mr. Steininger continued that in order to effectuate a recruitment and retention bonus for a covered employee, the state needed to be able to pay for it. He detailed that in the case of the OCS employees it would come in the form of an additional increment, while in the case of some of the other letter of agreements listed in Amendment L12 Replacement, the bonuses could be accommodated within an agency's existing resources. Additionally, an agreement with the bargaining unit was needed to agree to the term of the bonuses. He explained the process was how the state had been operating: the bonuses had been provided within existing appropriations under agreements with bargaining units. The same would happen with the OCS employees.

[5:13:06 PM](#)

Representative Wool remarked on the negotiation with GGU that had not yet been completed. He was not certain whether it would be another budget amendment because it would have to be appropriated. He observed that individuals were nodding affirmatively to the statement. He remarked that many of the individuals had received bonuses for some period of time already. He stated his understanding that the Department of Law believed the process was fine, but Legislative Legal Services believed it was against the law and that someone could sue. He did not know how to proceed. He wanted to effectuate the bonuses supported by the administration and the finance subcommittee. He believed the amendment only included some of the bonuses. He surmised that if the others were to be executed, it would have to be done at a later date through a budget amendment.

Mr. Steininger answered, "Yes, I believe so."

Representative Wool remarked that the alternative was to go with the Department of Law's interpretation and just give the bonuses.

Mr. Steininger replied that the administration believed the state had been operating legally; however, the Amendment L12 Replacement appeared to be an attempt to ratify what the state believed it had been executing legally (to ensure the actions could be continued).

Representative Wool stated his understanding that if the amendment were passed, all of the letters of agreement listed in the amendment would be honored. He asked for verification that it was the administration's standpoint that the bonuses could continue to be paid under the existing scenario because they had been doing it already and the amendment was not necessarily needed.

Mr. Steininger responded that the Department of Law was currently working on a response to the memo from Ms. Marx and he would update his opinion to align with the letter once he had seen it. Currently, the administration believed it could effectuate the recruitment bonuses listed in Amendment L12 Replacement as well as the bonuses for OCS under existing authority. He was unclear whether the amendment left in the increment request.

Vice-Chair Ortiz asked what would be accomplished based on the adoption of Amendment L12 Replacement.

[5:16:55 PM](#)

Mr. Wright answered that the legislature would ratify the letters of agreement included in the amendment if it was adopted. The amendment would enable the bonuses to be paid.

Vice-Chair Ortiz asked if it was the intent of the original Amendment L12.

Mr. Wright answered in the negative. He clarified that the original amendment would have done away with all bonuses. The replacement amendment would enable bonuses to take place because there were letters of agreement that had not been previously brought before the legislature. The amendment indicated the legislature approved agreements ratified by [union] members. Additionally, the amendment specified that bonuses would not be denied for noncovered employees; however, there were steps that had to be taken before a bonus could be funded.

Vice-Chair Ortiz asked for verification that the amendment sponsor did not necessarily see the bonuses and efforts to try to incentivize OCS and other workers as an appropriate way to deal with recruitment and retention.

Mr. Wright agreed.

[5:18:58 PM](#)

Representative Josephson stated that Mr. Wright's answer to Vice-Chair Ortiz was the essence of the problem. He referred to Mr. Wright's statement that the amendment secured and ratified letters of agreement. He questioned whether the amendment encompassed all of the letters of agreement. He believed the question deserved scrutiny. He remarked that the amendment stated the legislature invited changes to the partially exempt schedules if a law was passed. He highlighted that passing a law was not necessarily needed, but the legislature needed to pass a temporary act. He explained a temporary act was a kind of law, but it was a unique kind of law. The effect of the amendment was to say to the administration, that the legislature was not honoring the OCS social worker increments that the administration and finance subcommittee wanted. He stressed that the governor and the subcommittee agreed completely on the issue, while the effect of the amendment was to say, "Go fight for them upstream or downstream as the case may be."

Representative Josephson stood with the governor and his own subcommittee in defense of the OCS amendments and separately in defense of the Department of Law amendments. He noted that he still had not made the case on why the Department of Law increments were so vital. He explained that the department had come to his subcommittee year after year emphasizing it was desperate for help. Finally, the subcommittee had delivered the help during the current session. He underscored that the effect of the amendment was to discount the work and tell the legislature to pass a law. He noted there was a bill on the topic in the State Affairs Committee in the second half of the session. He stressed that it was not required. He stated the only effect of the amendment was to clean up the letters of agreement. He remarked that the amendment indicated "Hey if you can get a law, God bless." He had already known that.

[5:21:45 PM](#)

Representative Wool wanted to do the right thing and agreed with Representative Josephson. He referenced bonuses for OCS, Department of Law, troopers, and nurses. He noted that some were listed in the amendment. He would hate to pass the amendment and think the job was done but then find out a floor amendment or another bill was needed. He highlighted that the Department of Law and Legislative Legal did not agree on the subject. He stated that Mr. Steininger may receive a letter from the Department of Law later that evening. He did not want to do the wrong thing. He considered what would happen if the committee did not pass the amendment and Legislative Legal said it was illegal to give any of the bonuses. He wanted to do it once and do it right. He suggested waiting to receive a little more information to take care of the issue one time in the House Finance Committee instead of on the House floor.

Co-Chair Foster asked who would be giving the confirmation.

Mr. Wright shared there was another vehicle that would be available to the committee if further ratifications of bonuses or new contract agreements were reached. He stated that the items could always be added into the capital budget if necessary. Until he saw a memo from the Department of Law and had a chance to go over it with Legislative Legal, he could not react.

Co-Chair Foster noted there was another amendment that would be offered by Representative Johnson that could be amended later on if needed.

[5:24:06 PM](#)

AT EASE

[5:27:21 PM](#)

RECONVENED

Co-Chair Foster held Amendment L12 Replacement until the following day. He stated that it did not hurt to make sure all of the items were in the amendment. He listed the rest of the amendments. He hoped to finalize amendments the following day.

Representative Carpenter stated that a good question was whether the current committee substitute that included funding to pay bonuses was legal if the Amendment L12

Replacement did not pass. He hoped the question could be clarified in the next meeting.

Co-Chair Foster agreed.

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the schedule for the following morning.

#

ADJOURNMENT

5:30:29 PM

The meeting was adjourned at 5:30 p.m.