

HOUSE FINANCE COMMITTEE
April 20, 2022
9:04 a.m.

9:04:41 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Bryce Edgmon

ALSO PRESENT

Senator Gary Stevens, Sponsor; Ben Brown, Chair, Alaska State Council on the Arts; Tim Lamkin, Staff, Senator Gary Stevens; Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Representative Adam Wool, Sponsor; Ashley Carrick, Staff, Representative Adam Wool.

PRESENT VIA TELECONFERENCE

Andrea Noble, Executive Director, Alaska State Council on the Arts, Eagle River; Jeffery Schmitz, DMV, Division of Motor Vehicles, Department of Administration; Dr. Julie Jak Meier, Chair, University of Alaska Faculty Alliance, Fairbanks.

SUMMARY

HB 21 ADD FACULTY MEMBER UNIV BOARD OF REGENTS

HB 21 was HEARD and HELD in committee for further consideration.

CSSB 71(FIN)

COUNCIL ON ARTS: PLATES & MANAGE ART

CSSB 71(FIN) was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the morning.

#sb71

CS FOR SENATE BILL NO. 71(FIN)

"An Act relating to special request registration plates celebrating the arts; relating to artwork in public buildings and facilities; relating to the management of artwork under the art in public places fund; relating to the powers and duties of the Alaska State Council on the Arts; establishing the Alaska arts and cultural investment fund; and providing for an effective date."

[9:05:15 AM](#)

SENATOR GARY STEVENS, SPONSOR, thanked members for hearing the bill. The bill was related to the Alaska State Council on The Arts (ASCA) and the council had requested the legislation. It was a result of complications that had occurred during the council's budget cycle in 2019. The legislation would provide some needed stability to the council and make it less reliant on unrestricted general funds (UGF).

[9:07:14 AM](#)

BEN BROWN, CHAIR, ALASKA STATE COUNCIL ON THE ARTS, thanked Senator Stevens for introducing the legislation. He detailed the purpose of the bill and explained that it was not simply about state license plates. Prior to holding the first contest to design an Alaska license plate, the council ensured that the winning plate would become one of the three default plates available in the state, meaning that it could be chosen by drivers at no additional cost.

The license plate program had been a tremendous success and had become a popular option at the Division of Motor Vehicles (DMV). He thought that the license plates were so popular because Alaskans were unified in their love for the state's natural beauty. The council thought the popularity of the plates presented an opportunity to generate revenue with the program. The bill would implement a modest surcharge at a maximum of \$50, though the charge would likely be much lower than the maximum. The goal was to charge just the right amount in order to reduce the council's reliance on UGF. In order to receive the allocation as a state arts agency from the National Endowment for the Arts (NEA), the council had to match dollar-for-dollar about a \$700,000 grant that came to the council every year as part of a three-year partnership agreement. It was possible for the program to generate between \$50,000 and \$100,000. He relayed that it seemed that the governor and the Department of Administration were amenable to the bill. He was happy to discuss the vetting of the bill that took place in the House State Affairs Committee, which was the previous committee of referral.

[9:10:18 AM](#)

Representative Wool wondered if the artistic plates would move in statute from the category of plates that could be selected at the DMV that came at no additional cost to the category of plates with an additional fee.

Mr. Brown replied that the artistic plate would not be moved to another category in statute. He explained that the artistic plate would remain one of the three default plates. He relayed that the council was the only state agency with its own plate. The bill would simply allow for a surcharge of the artistic plate that would generate additional revenue. He indicated that Representative Jonathan Kreiss-Tompkins was involved in the original legislation for the artistic plate program and was insistent that the mechanism of the program stayed the same. He emphasized that the process would remain the same apart from the modest surcharge.

Co-Chair Merrick indicated Representative Johnson had joined the meeting.

Representative Wool understood that if a person wanted an artistic plate, there would be a surcharge that would

benefit ASCA. Other plates that were not part of the default three also had surcharges, but the money would not go to a state agency.

Mr. Brown responded that he was correct.

[9:13:02 AM](#)

Co-Chair Foster asked if people who already had artistic plates would be grandfathered in and therefore not required to pay the surcharge.

Mr. Brown responded that the charge would only apply when an individual received the physical plate. There would be no additional fee associated with car registration renewal stickers for individuals who already had artistic plates. Only upon receiving a new plate associated with the upcoming license plate design contest would the fee begin to apply.

Co-Chair Foster asked whether the surcharge would be in addition to the fees already in place.

Mr. Brown responded in the affirmative. The council was envisioning a charge in the \$3 range. A person would not be paying \$50 or \$100 as they would with some of the other specialty plates.

Representative LeBon suggested that people would only pay the surcharge once.

Mr. Brown responded that he was correct.

[9:14:47 AM](#)

Representative Johnson thought that the surcharge fee should be consistent.

Mr. Brown responded that the bill was set up with input from DMV. The program would be easy to implement administratively as it would change the current system as little as possible. He spoke of the robust interest there had been in the design contest in the past. Over 15,000 people voted to select the currently offered artistic plate.

Co-Chair Merrick indicated Representative Rasmussen and Representative Carpenter had joined the meeting.

Representative Wool asked whether the \$3 fee was the goal of the bill. He thought it seemed low and wondered if it would be enough to generate the revenue the council desired. He asked where the revenue would be applied.

Mr. Brown thought people would pay more for luxury goods, but license plates were not a luxury item. There would be a public process in which the council would receive feedback on whether the \$3 fee seemed reasonable. If the public thought the fee should be higher, it might be revised.

[9:17:52 AM](#)

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, noted that committee packets included a helpful document: "DMV License Plates Total by Calendar year" (copy on file). He explained that it behooved the council to not make the surcharge too high. The maximum fee was set at \$50 in the bill simply to allow for flexibility, but it was unlikely that it would reach that amount.

Co-Chair Merrick indicated that her notes reflected that three members recommended amending the bill. She asked what the suggestions were.

Mr. Brown relayed that there was some discussion about other sections of the bill unrelated to license plates. There were some questions about legal counsel and ensuring that it was clear that the Attorney General would serve as legal counsel for ASCA. There were also questions about the Arts and Culture Investment Fund in Section 6 of the bill. He assumed that this section was the target of the amendments but disagreed with amending the section. There had been significant collaborative work to ensure that the bill would not create a dedicated fund but a designated fund. He elaborated that the \$700,000 that ASCA received as part of the agreement with NEA was only 45 percent of the council's budget. The remaining 55 percent came from the Rasmuson Foundation and other state partners. The council was the only state agency leveraging non-governmental money to accomplish its work. He thought it was important to identify that the council was bringing in private funds.

Co-Chair Merrick agreed that Section 6 might have been controversial.

[9:21:30 AM](#)

Co-Chair Foster asked if the fund was sweep-able.

Mr. Brown understood that it was not.

Mr. Lamkin confirmed that the issue came up in the State Affairs Committee and representatives from the Department of Law and the Legislative Division reported that it was not sweep-able.

[9:22:25 AM](#)

Co-Chair Foster asked what the vision was around capitalizing the fund. He wondered whether the state would capitalize the fund or if it would be a combination of state and private capitalizations.

Mr. Brown responded that the fund consisted of money appropriated by the legislature, donation funds, and other sources. It was a combination of state, federal, and private contributions.

Co-Chair Foster asked what the plan would be for the initial capitalization from the state.

Mr. Brown responded that it would be the same as the budget allocation, which was approximately \$3.7 million in the operating budget. He thought the allocation had been pleasingly consistent.

[9:23:40 AM](#)

Representative Wool referred to the license plate handout. He noted that the artistic plate was the most popular option in 2019. He relayed that when he had recently gone to get a new license plate, he was told by a DMV employee that he would simply get whichever plate was on the top of the pile and he did not get a choice. He asked if the surcharge might cause the amount of artistic plates distributed to go down.

Mr. Brown would be surprised if it was normal DMV procedure to get the plate that was at the top of the pile. He

thought the only thing that would change would be that the artistic license plate would include the surcharge. He thought the question would be better suited for DMV in terms of how staff was trained. The goal was to make sure the license plates were accessible. He assured the committee that the artistic plate contest would be highly publicized.

Co-Chair Merrick jokingly asked if rank-choice voting would apply.

Mr. Brown supposed that it could, but it would be at the discretion of the council.

Representative Thompson was in favor of the bill and offered to cosponsor it.

[9:26:49 AM](#)

Co-Chair Merrick asked Mr. Brown to present the fiscal note from the Department of Education and Early Development (DEED) with control code zPppx.

Mr. Brown deferred to Mr. Lamkin.

[9:27:08 AM](#)

AT EASE

[9:28:19 AM](#)

RECONVENED

ANDREA NOBLE, EXECUTIVE DIRECTOR, ALASKA STATE COUNCIL ON THE ARTS, EAGLE RIVER (via teleconference), explained that Fiscal Note 6 with control code zPppx had a one-time impact of \$6,000 in order to meet the obligations set forth in regulation.

[9:30:17 AM](#)

Co-Chair Merrick asked Mr. Steininger to review Fiscal Note 4 put forth by the governor with control code FVAZY.

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, explained that the fiscal note was indeterminate and structured to ensure that the fund would not be considered a dedicated fund. It would ensure that the funds were appropriated by the legislature before

becoming available to the council. The fiscal note was a placeholder for a language section item that would include the amount of capitalization should the bill pass.

Co-Chair Merrick indicated Fiscal Note 5 would be reviewed at a future meeting.

[9:31:43 AM](#)

Representative Carpenter asked if there was an estimated cost that would be incurred by the Department of Law.

Mr. Brown replied that the Department of Law was de facto counsel for ASCA. In 2019 when funds were vetoed, the assistant attorney general at the time was having to advise two clients with diametrically opposed positions, which was a violation of the rules of conduct. It would have been better to have a second attorney general to advise ASCA. He suggested that a fiscal note by the Department of Law would be indeterminate because ASCA's need for legal counsel was unpredictable. He added that in the unlikely event that ASCA needed to hire outside legal counsel, it would not be a reimbursable service agreement.

Co-Chair Merrick indicated a representative from DMV was available to review Fiscal Note 5 from the Department of Administration with control code mqqsls.

[9:35:04 AM](#)

JEFFERY SCHMITZ, DMV, DIRECTOR, DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION (via teleconference), reviewed the fiscal note. He explained that DMV made an estimate that just over 3,000 people would select the artistic plate option. However, it was unclear how accurate that estimate was. The surcharge amount was also unknown and the DMV based the estimate on the maximum surcharge of \$50.

Representative Wool asked how license plates were distributed. He asked if people were able to choose or simply given the next plate available.

Mr. Schmitz responded that people were given a choice. It would not be the correct procedure if people were not offered a choice between plate types.

CSSB 71(FIN) was HEARD and HELD in committee for further consideration.

[9:37:17 AM](#)

AT EASE

[9:39:21 AM](#)

RECONVENED

Co-Chair Merrick invited Representative Wool to begin.

#hb21

HOUSE BILL NO. 21

"An Act relating to the Board of Regents of the University of Alaska."

[9:39:42 AM](#)

REPRESENTATIVE ADAM WOOL, SPONSOR, provided a brief review of the bill. He explained that the bill would add a faculty member to the Board of Regents who would serve a two-year term. Each University of Alaska (UA) campus would pick two faculty members and the governor would pick one, and that person would have to be confirmed by the legislature. The faculty regent would have all the privileges and responsibilities of the other regents. University faculty had requested this change for many years as it would give them a seat at the table. Many decisions were made when the board goes into executive session and the faculty was excluded from those conversations.

[9:41:47 AM](#)

ASHLEY CARRICK, STAFF, REPRESENTATIVE ADAM WOOL, introduced the PowerPoint Presentation: "HB 21: University of Alaska Faculty Regent" (copy on file). She began by reading a portion of the sponsor statement:

The University of Alaska has a mission to inspire learning, advance and disseminate knowledge through teaching, research, and public service, and to emphasize the North and its diverse peoples. The University of Alaska Board of Regents is an eleven member board that is responsible for helping to guide the University towards this mission. The addition of a Faculty Regent to the Board would serve to help

advance this mission and to provide further representation to this key University stakeholder group.

Ms. Carrick discussed the University of Alaska Board of Regents membership on slide 2. She summarized from the slide as follows:

- 10 Regents serve 8-year terms
- 1 Student regent:
 - Serves a 2-year term
 - Has full board powers
 - Must have 2.5 cumulative GPA
 - 2 students are elected by their campus
 - and then a nominee is selected by the Governor
- Current Role of Faculty with the BOR:
 - Faculty Alliance makes a report at each BOR meeting
 - Able to be called on to answer questions

[9:43:26 AM](#)

Ms. Carrick continued to slide 3 to review a state-by-state comparison. She relayed that there were 24 state university systems that had a student regent and five systems that had a faculty regent. She noted that Vermont was currently considering similar legislation as HB 21 which would add faculty and staff members to the board. Additionally, 15 percent of private institutions also had a voting faculty regent.

Ms. Carrick turned to slides 4 and 5 to discuss some examples of faculty regents in the states of Oregon, Pennsylvania, West Virginia, Florida, Kentucky, and Tennessee. Each of the states had dramatically different board compositions. Most states had a Board of Trustees, which would vary dramatically in how many members served on the board.

Ms. Carrick explained how HB 21 worked on slide 6. She summarized from the slide:

- Increases the number of Regents from 11 to 12
- 2 nominees from the Faculty Senate of each of the three main campuses are put forward

- Governor selects one appointee, subject to confirmation by the Legislature
- Faculty must be tenured
- Serves a 2-year term
- Has the full powers of a regent for voting, travel, and entering executive session
- Majority vote needed for a motion of the Board to carry

[9:45:58 AM](#)

Ms. Carrick moved to slide 7 to talk about the benefits of a faculty regent. She read from the slide as follows:

- More than a "seat at the table"
- Faculty can enter executive session, travel for Board meetings, and can vote
- Improves the ability for faculty to provide stakeholder interest
- Held to a standard of professionalism- they can recuse themselves from a conflicted vote
- Ensures that faculty, like students, are given a voting interest in University affairs

Ms. Carrick concluded the presentation and made herself available for questions.

[9:46:45 AM](#)

Representative LeBon asked why not allow the Faculty Senate to select one nominee and the chancellor to select another nominee. He wondered if his suggestion had been discussed.

Representative Wool replied that his suggestion had not been discussed.

Representative LeBon asked why it was proposed for the Faculty Senate to select two nominees rather than one.

Representative Wool responded that it provided more options. It would allow the governor to pick from a larger pool and would allow for more discretion.

Representative LeBon thought that commonality and choice would already exist within the choices of the Faculty Senate. Whereas, if the chancellor were to appoint one of

the positions it would allow for more diversity rather than the same group providing two names.

[9:48:11 AM](#)

DR. JULIE JAK MEIER, CHAIR, UNIVERSITY OF ALASKA FACULTY ALLIANCE, FAIRBANKS (via teleconference), explained the rationale behind the Alaska Faculty Alliance's (AFA) desire to add a faculty regent to the board. She relayed that AFA represented all faculty members across the UA system. Adding a faculty regent was one of the most important things the legislature could do to help UA. It should be done for the sake of the students, the university, and the state. The Board of Regents currently only heard feedback from a single voice, which was the voice of the administration. Although the administration was important, there were other groups that were not currently allowed to participate in the board process that should be heard as well. Faculty were uniquely positioned to bring a knowledgeable and positive perspective to the board. Generally, critical knowledge of the faculty perspective was lacking within the board, and faculty members were well suited to provide critical information. She thought the legislature was wise to have added a student regent position to the board and the position had been a successful addition. She argued that it was time to add a faculty member position to provide a deeper and more thorough understanding of the university and what it took to help students succeed. The faculty regent could help other members remain informed, result in better decisions being made, and help the board more effectively lead the university system.

[9:51:28 AM](#)

Representative LeBon asked Dr. Maier whether there was discussion about allowing each campus's chancellor to nominate a faculty member for selection to the board.

Dr. Meier responded that constituent groups were often consulted in decision making processes. The problem she saw with the chancellors potentially appointing faculty was that the chancellors would likely select more "administration friendly" faculty members. She thought it was most important to nominate people who were knowledgeable about governance. If a member was not experienced, it took about one year to get up to speed. She

thought the Faculty Senate would select nominees who were knowledgeable both about faculty issues as well as governance.

Representative LeBon asked if it would be acceptable if the bill were to be amended to allow each campus chancellor to make a nomination, or would it ruin the bill.

Dr. Meier responded that she would be against such an amendment. The nominee needed to put students first without being preoccupied by the chancellor's opinion. She thought it would detract from the bill.

9:54:52 AM

Representative Rasmussen asked why the decision was made to add one faculty member rather than two. She thought it might be better to have an odd number on the board.

Representative Wool replied that he had not considered adding two faculty members. He agreed that the board would be comprised of an even number of members. Many of the votes made by the board were either unanimous or there was an overwhelming majority. If there was a situation where the vote was close, it likely signified that there needed to be more discussion on the subject. He thought it was a valid suggestion to add two members, but he thought it should start with one additional member. Also, in past years there had been turmoil within the Board of Regents and discussion of unifying into a single university. One of the complaints from faculty members was that they had not been included in the discussions around unification. One of the goals of the bill was to ensure that faculty members had a voice on the board, particularly when it went into an executive session.

Representative Rasmussen supported having boots-on-the-ground board members.

Co-Chair Merrick indicated that the fiscal note would be reviewed at a future hearing.

HB 21 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

9:58:07 AM

The meeting was adjourned at 9:58 a.m.