

HOUSE FINANCE COMMITTEE

May 3, 2022

2:20 p.m.

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CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 2:20 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

Bailey Woolfsteed, Self, Juneau; Kevin Higgins, Self, Juneau; Nancy Meade, General Counsel, Alaska Court System; Tom Wright, Staff, Representative Steve Thompson; Elise Sorum-Birk, Staff, Representative Andy Josephson; Kevin Higgins, Self, Juneau; Michael Partlow, Fiscal Analyst, Legislative Finance Division; Neil Steininger, Director, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

Samantha Weinstein, Self, Juneau; Skiff Lobaugh, Human Resource Manager, Legislative Affairs Agency; Noah Klein, Legislative Counsel, Legislative Legal Services, Alaska State Legislature; Megan Wallace, Director, Legislative Legal Services, Alaska State Legislature; Dom Pannone, Administrative Services Director, Department of

Transportation and Public Facilities, Office of Management and Budget, Office of the Governor; John Binder, Deputy Commissioner, Department of Transportation and Public Facilities; Andy Mills, Legislative Liaison, Department of Transportation and Public Facilities; David Karp, Senior Vice-President, Managing Director, Saltchuk, Anchorage; Sylvan Robb, Assistant Commissioner, Department of Health and Social Services.

SUMMARY

HB 226 PAY INCREASES FOR STATE ATTORNEYS

HB 226 was HEARD and HELD in committee for further consideration.

HB 283 APPROP: CAP; REAPPROP; SUPP

HB 283 was HEARD and HELD in committee for further consideration.

HB 416 BONUSES FOR NONUNION PUBLIC EMPLOYEES

HB 416 was REPORTED out of committee with six "do pass" recommendations, one "do not pass" recommendation, and four "no recommendation" recommendations and with one new indeterminate fiscal note from the Office of the Governor/Various.

Co-Chair Merrick reviewed the meeting agenda.

#hb226

HOUSE BILL NO. 226

"An Act relating to the compensation of certain public officials, officers, and employees not covered by collective bargaining agreements; increasing the salaries of certain attorneys employed by the state; and providing for an effective date."

[2:21:01 PM](#)

Co-Chair Merrick noted that there were four amendments for consideration.

REPRESENTATIVE ANDY JOSEPHSON, SPONSOR, provided opening comments on the legislation. He shared that he had been the subcommittee chair for the Department of Law (DOL) for four years. He was not looking for another problem to solve. The department had repeatedly presented on its retention crisis since his time on the subcommittee.

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Co-Chair Merrick OPENED public testimony.

BAILEY WOOLFSTEED, SELF, JUNEAU, spoke in support of the legislation. She shared that she was a prosecutor in the Office of Special Prosecutions, Rural Prosecution Unit working on sexual assault and domestic violence. She urged the committee to pass the bill. She explained why the bill did not go far enough. She discussed the rigorous workload prosecutors were experiencing. She elaborated that prosecutors were working 60 to 80 hour workweeks in addition to being on call 24 hours a day, seven days a week to assist officers in emergent situations and cover every court holiday. She had worked on Christmas the past year. She noted that the attorneys did not get paid overtime and the job was distressing. She shared from personal experience viewing child pornography, crime scene and autopsy photographs of a 10 year old girl who was raped and murdered as part of her job duties. She could not forget such images. She indicated that she travelled 78 days to Western Alaska for work in the prior year and 38 days so far in 2022. She relayed that many colleagues left state service to work for municipalities, Washington State, or for the federal government where they had lower caseloads, less stress, were paid "significantly" better wages. and had pensions. She shared the attorneys' frustration observing many state unions receiving raises and Cost of Living Adjustments (COLA) while they were left behind. The bill was not sufficient to make the department competitive. She explained that the crisis was far reaching, and state attorneys were key players on the public safety team; without them public safety was not adequately addressed. She emphasized that police could make an arrest and forward charges, but prosecutors argued bail, met with victims, performed case work, negotiated, and tried cases. She underscored that attorneys were leaving in droves because the legislature had not provided sufficient salaries and benefits and did not recognize their value while other governments did. She listed ways the legislation could go

farther to address the issue. She recommended a 40 hour work week, on-call pay, COLAs and step increases that were on par with other law enforcement colleagues in the state and nation. She asked the legislature to support attorneys working hard for the state.

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KEVIN HIGGINS, SELF, JUNEAU, testified in support of the legislation. He shared that he worked for the Civil Division with the Department of Law. He noted that the discussion regarding recruitment and retention issues were consistent throughout state agencies. He reasoned that when employees were not paid well enough and people left, it increased the workload for those remaining until they quit, which made recruitment difficult. Often newly trained employees left once they became more marketable somewhere else. He voiced that the state could not function without attorneys; civil attorneys advised agencies, implemented the administration's policy, and defended the state against claims. He stressed that without attorneys the state had to pay much more for the services in the private market. He voiced that paying staff made good economic sense and without a defined benefit plan, pay was the only lever available. He asked for the committee's support for the bill.

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SAMANTHA WEINSTEIN, SELF, JUNEAU (via teleconference), spoke in support of the bill. She urged the legislature to implement the bill at the start of the coming fiscal year. She shared that she was a former assistant attorney general in the civil division and had left the department at the beginning of April 2022 due to burnout. She had initially been excited to work for the department. She wanted a steady paycheck, benefits, and the opportunity to learn from experienced staff but the excitement wore off. Over the last 3 years she had seen two attorney generals resign in disgrace. She experienced section supervisors quitting or retiring, and many colleagues quit to work for municipalities, federal government, or private practice in the lower 48. She understood that those jobs offered better pay, benefits, better work-life balance, and more opportunities for growth. She felt that the other employers demonstrated that they valued their workers. She stressed that carrying the workload of 2 to 4 employees was a

"burnout." She relayed that she was physically, mentally, and emotionally exhausted and chronically stressed while working for the state. She underscored that burnout was running rampant within the department and workers were demoralized. She urged for passage of the bill.

Co-Chair Merrick CLOSED public testimony.

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Co-Chair Merrick moved to amendments.

Representative Thompson MOVED to ADOPT Amendment 1, 32-LS0960\G.5 (Klein, 4/27/22) (copy on file) [note: due to the length of the amendment it has not been included in the minutes. See copy on file for detail].

Representative Josephson OBJECTED for discussion.

Representative Thompson explained that he had a conceptual amendment for Amendment 1 recommended by the Court System. He explained the conceptual amendment. He stated that on page 3, line 22 of the bill it deleted the following words, "other than justices and judges." He deferred to the Court System for further explanation.

Co-Chair Merrick OBJECTED for discussion.

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, explained conceptual Amendment 1. She relayed that she asked the sponsor of Amendment 1 to remove the phrase. She explained that the amendment would provide a 5 percent pay increase for all non-covered employees. Section 6 of the amendment included the Judicial Branch, which she supported. However, she did not think it had been the sponsor's intent to exclude judges and justices but excluding them in uncodified law created a conflict in 4 statutory provisions within Title 22. She reported that for the four levels of judges there were explicit provisions that specified if the monthly based salary in the chart on page 1 of the amendment, pertaining to Title 39, "increased the monthly based salary of a judge or a justice it shall increase by the same percentage." The language created a conflict having uncodified law stating that even though it would raise the wages by 5 percent judges and justices were excluded. She believed that they needed to be included. She furthered that the provision had been added in 2006 with

respect to judges because unless judges and justices kept pace with all the increases that all other non-covered employees received the Judicial Branch ended up in an uncomfortable position in asking for a significant raise. Alaskan judges were consistently ranked at number 50 in terms of judicial salaries across the country. The statute was meant to ensure that judges were not excluded.

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Co-Chair Merrick withdrew her objection to conceptual amendment 1.

There being NO OBJECTION, it was so ordered.

Representative Thompson explained the amendment with a prepared statement:

The amended amendment represented a 5 percent cost of living adjustment (COLA) for exempt employees for the legislative and executive branches. Exempt employees had not received increases or salary adjustments since 2016. In the meantime, non-exempt employees either in the general government units or in the Supervisory Units had received COLA increases totaling over 5 percent. It was a matter of fairness that exempt employees received the same COLA increase as those of the GGU and SU bargaining units. The total cost of enacting this legislation for the executive and legislative branches was projected to be \$13. 211.900 million of which \$7. 520.100 million was Undesignated General Funds (UGF).

TOM WRIGHT, STAFF, REPRESENTATIVE STEVE THOMPSON, elaborated on the amendment. He shared that since FY 16 the exempt noncovered employees in the admiration and the legislature had not received a COLA. Since that time, GGU had received approximately 23.5 percent in COLAs and in FY 20, FY 21, and FY 22 they received a 5 percent increase. Recently, a new contract had been approved that granted a 3 percent increase in 2023, the following year a 2.5 percent increase, and possibly in 2025 a 5 percent increase. He noted that the 5 percent increase was based on the Consumer Price Index (CPI) as of July 1, 2022, which would be automatic according to the Legislative Finance Division. He added that in 2019 the Supervisory Union (SU) received a 40 hour work week, which equated to a 6.25 percent increase

and in 2022 received a 3 percent increase, 1 percent in 2023, and 1 percent in 2024. He deduced that SU received approximately 16 percent in increases. He cited Bailey Woolfsteed, the earlier testifier that reported not receiving a COLA since 2016. He stated that a COLA increase could potentially help alleviate some of the recruitment and retention problems.

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Representative Wool referred to SU hours reduced to 40 hours per week, which equated to a 6 percent increase. He asked what the hours had been previously. He deemed that if hours were decreased to 40 per week without a pay increase, he did not understand how it was a pay increase.

Co-Chair Merrick recognized Representative Matt Claman in attendance.

Mr. Wright responded that the SU unit increased from 37.5 hours per week to 40 hours per week in 2019 and received a 6.25 percent increase for the additional 2.5 weekly hours. Representative Wool thanked Mr. Wright for the clarification. He deduced that even with the increase to a 40 hour work week they still received an overall increase. Mr. Wright referred to Ms. Woolsteed who testified to working 60 hours per week so decreasing to a 40 hour work week would mean increased pay.

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Representative Carpenter asked for context. He inquired about the range and step of a newly hired attorney through a collective bargaining unit and ones that were not.

SKIFF LOBAUGH, HUMAN RESOURCE MANAGER, LEGISLATIVE AFFAIRS AGENCY (via teleconference), answered that there were no attorneys in the legislative branch covered by a collective bargaining unit. All the attorneys under the Legislative Affairs Agency (LAA) were paid through the salary schedule adopted under AS 39.27.011(a) and generally started at a range 23 to 25 depending on years of experience.

Representative Carpenter asked for a comparative figure for state employees under collective bargaining.

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Mr. Wright answered that none of the attorneys in DOL or the Department of Administration (DOA) were unionized employees.

Representative Carpenter stated that it made finding the answer much easier if there was no union involved.

Representative Josephson requested that someone from Legislative Legal Services called in for questions.

Co-Chair Merrick complied.

Representative Wool asked if there were attorneys in other departments that were covered under collective bargaining. Mr. Wright did not believe so but deferred the answer to personnel.

Mr. Lobaugh had the same understanding as Mr. Wright. He answered that state attorneys were partially exempt or fully exempt and covered under the AS 39.27.011(a) salary schedule. He suggested that the Division of Personnel under the Department of Administration could answer the question definitively. He reiterated that all legislative attorneys were exempt including several attorneys in the Office of Victims Rights.

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AT EASE

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RECONVENED

Representative Carpenter asked for an explanation of the process for changing from a range 6 to a range 7 and moving up the step scale. Mr. Lobaugh answered that ranges represented the class of work an employee was assigned to perform. He exemplified Personnel and indicated that Personnel Assistants ranges were 14 through 16. The range 14 would work with payroll and the higher ranges performed payroll supervision and investigation and the range increased as the level of complexity and consequence of error increased. He added that it was the same with legislative attorney job classes beginning with drafting bills and increasing to higher range drafters up to range 25. The steps were considered for meritorious service depending on the length of time and per recommendation by a supervisor. Steps were time in the range grade, and range

was determined by the work and duties as allotted to the job classification. Representative Carpenter repeated his understanding of the answer. He asked for the time and range requirement before moving up a step assuming there was a meritorious recommendation. Mr. Lobaugh answered that steps A through F increased each year and beyond that steps increased every two years.

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Representative Josephson asked if Amendment 1 meshed seamlessly and without interference with version G of the bill.

NOAH KLEIN, LEGISLATIVE COUNSEL, LEGISLATIVE LEGAL SERVICES, ALASKA STATE LEGISLATURE (via teleconference), asked for clarification on the question.

Representative Josephson acknowledged the amendment changed policy. He asked if the amendment in any way deleted or altered version G of the bill. Mr. Klein replied that Amendment 1 increased the salary table; therefore, the 10 percent increase for attorneys in the underlying bill would be 10 percent of the increase table.

Representative Josephson WITHDREW his OBJECTION.

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AT EASE

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RECONVENED

Co-Chair Merrick noted that Representative Edgmon joined the meeting.

There being NO further OBJECTION, Amendment 1 as amended was adopted.

Representative Thompson MOVED to ADOPT Amendment 2, 32-LS0960\G.6 (Klein, 4/27/22) (copy on file):

Page 1, line 1, following "Act":
Insert "relating to the compensation of certain employees of the legislative branch;"

Page 2, line 1, following "AS 39.25.120(c)(3)":

Insert ", attorneys in the division of legal and research services within the Legislative Affairs Agency,"

Page 2, following line 3:
Insert a new bill section to read:
"* Sec. 3. AS 24.10.220 is repealed."

Renumber the following bill sections accordingly.

Page 2, line 11:
Delete "Section 3"
Insert "Section 4"

Page 2, line 12:
Delete "sec. 4"
Insert "sec. 5"

Co-Chair Merrick OBJECTED for discussion.

[2:54:36 PM](#)

Representative Thompson asked his staff to explain the amendment.

Mr. Wright explained the amendment. He relayed that Representative Thompson believed that it would be fair to raise the pay of the legislative attorneys along with the other attorneys working for the state.

Co-Chair Merrick voiced that legislative attorneys worked "diligently" for the legislators.

Representative Josephson was grateful for the amendment and believed that an increase was well earned.

Representative Wool asked if there was a fiscal note reflecting the amendments. Mr. Wright answered that it would be up to the committee to request an updated fiscal note. Representative Wool wanted to know the cost of the salary increases. Mr. Wright answered that the cost for Amendment 1 was approximately \$13.211.9 million for the executive branch and \$2.344.6 million for the legislative branch. He added that \$494.9 was included in the mental health bill.

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Representative Wool asked for the amount in Amendment 2 for the legislative branch. Mr. Wright answered that He did not have the amount for Amendment 2.

Co-Chair Merrick asked Legislative Legal Services for the number of employees in Legislative Legal.

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MEGAN WALLACE, DIRECTOR, LEGISLATIVE LEGAL SERVICES, ALASKA STATE LEGISLATURE (via teleconference), answered there were 14 attorneys employed for Legislative Legal Services.

Co-Chair Merrick asked whether that included legal and research services. Ms. Wallace agreed. She detailed that there were no attorneys that worked for Legislative Research, the 14 attorneys worked exclusively in the legal office.

Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment 2 was ADOPTED.

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Vice-Chair Ortiz MOVED to ADOPT Amendment 3, 32-LS0960\G.8 (Klein, 5/2/22) (copy on file):

Page 2, following line 3:

Insert a new bill section to read:

"* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:

SALARY INCREASES FOR CERTAIN EMPLOYEES OF THE JUDICIAL BRANCH. The salary increase under AS 39.27.011(1), added by sec. 2 of this Act, applies to permanent and temporary employees and magistrates in the judicial branch of the state government, other than justices and judges, who are not members of a collective bargaining unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations Act) and who are not otherwise covered by AS 39.27.011(a)."

Renumber the following bill sections accordingly.

Page 2, line 11:

Delete "Section 3"

Insert "Section 4"

Page 2, line 12:
Delete "sec. 4"
Insert "sec. 5"

Co-Chair Merrick OBJECTED for discussion.

Vice-Chair Ortiz explained the amendment. He stated that Amendment 3 added Judicial Branch employees to the bill, and they would receive the 10 percent salary increase. The Judicial Branch were among the lowest paid state employees and the branch was experiencing severe retention and hiring problems. He noted the importance of sufficient judicial staffing levels to avoid case processing bottlenecks in the criminal justice system. He related that smaller courts in the state were struggling and had to close its doors for limited time periods and had none or little response to recruitment efforts. They were losing staff to the executive and legislative branches. He relayed that half of the judicial staff were paid range 12 or below; a range 12 A made \$43 thousand per year. The high cost of inflation and soaring rents were issues for range 12 jobs. He noted that Ms. Mead was available to further explain the need for the amendment.

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Representative LeBon noted there had been an action taken in a prior amendment to strike justices and judges and wondered whether it applied here and the reason why if not. He asked for further detail. Ms. Mead replied that Amendment 3 excluded justices and judges from the 10 percent pay raise to judicial branch employees. It did not run afoul to the previous mentioned statutes because it did not overall raise the chart in Title 39. However, now that an amendment had passed that would increase the amounts in Title 39, an amendment would need to cover justices and judges as well. Representative LeBon asked if the words needed to be struck in the amendment. Ms. Mead replied that the answer was yes.

Representative LeBon MOVED to ADOPT conceptual Amendment 1 to Amendment 3 to strike the words "other than justices and judges."

There being NO OBJECTION, conceptual Amendment 1 to Amendment 3 was ADOPTED.

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Ms. Mead appreciated the amendment. She hoped the committee would consider Amendment 3 favorably. She informed the committee that the judicial branch employees were not unionized. The executive branch had union coverage for its lower paid employees. She reiterated that half of judicial employees were at range 12 and below and 58 percent were at range 14 and below. She delineated that 375 employees were at a range 12 equating to \$22.00 per hour, totaling \$43,000 per year. She noted that fast food establishments increased wages to \$15 to \$18 per hour. The Judicial branch wanted to retain employees and it was losing range 12s and 14s to the private sector and other branches of government. She furthered that if the bill passed and other branches' employees received a pay raise it would be terrific, but unless the Court System was included the effect on the public would be stunted. She emphasized that the criminal and civil justice system was indeed a system. She restated that the Judicial Branch was struggling with recruitment and retention and so were many of its lower range employees. She indicated that a range 12 wage was eligible for Supplemental Nutrition Assistance Program (SNAP) and the take home salary minus all deductions and withholdings was roughly \$2,200 per month. She stated that the branch was "simply not paying a livable wage," which was the reason the system had to close some offices for several days in a row. She maintained that the Court System would truly benefit from the 10 percent pay raise and so would the range 12 employees.

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Representative Wool stated his understanding of the amendment increasing wages at designated ranges. He asked why the system could not merely start a person at a higher range. Ms. Mead replied that the Judicial Branch could possibly do that with a lot more money in its personal services budget. However, it attempted to retain parity with executive branch classifications; a range 12 had certain levels of responsibility and if the range was increased all the higher ranges had to be increased. She did not know that it would accomplish something without funding allocated by the legislature.

Representative Carpenter asked why higher ranges would have to be moved up if the range 12s moved up. Ms. Mead

explained that if range 12 moved up to a 14, then a range 13 that possessed more job skills would deservedly move to a range 15, etc. but the court system would still need the funding to pay for the increases.

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Representative Carpenter asked where the top end employees of the Court System fell on the range system. Ms. Mead answered that the judges and justices had a different pay scale, which she excluded in her answer. She relayed that some magistrates and high level employees in the administrative office totaling 3 staffers were maybe at a range 27, attorneys were paid at range 20 through 24 and they totaled 8. She offered that it depended on experience. Representative Carpenter asked how justices and judges pay was determined. Ms. Mead answered that judges and justices were paid under a separate statute except for the provisions that if everyone else received a pay increase the justices should as well. The current salary for the 45 superior court judges was about \$190,000; broken down it ranged from \$161,000 for district court and the 5 supreme court judges made roughly \$206,000. Representative Carpenter asked which statutes governed judges' salaries. Ms. Mead replied AS 22.07.090, AS 22.15.220, AS 22.05.140, and AS 22.05.140. The last time the statutes changed was in 2006 when justices and judges had been at the bottom of the pay scale nationally. She reported on the difficulty of obtaining significant increases, therefore the statute that kept them in pace with other increases was put in place.

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Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment 3 was ADOPTED as amended. [Note: Action on Amendment 3 as amended was later rescinded at the 5/6/22 9:00 a.m. meeting. The original version of Amendment 3 without any modifications was adopted on 5/6/22 at the 9:00 a.m. meeting. See separate minutes for detail.]

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AT EASE

[3:20:14 PM](#)

RECONVENED

Representative Josephson MOVED to ADOPT Amendment 4, 32-LS0960\G.7 (Klein, 5/2/22) (copy on file):

Page 1, line 14:
Delete "10"
Insert "25"

Representative LeBon OBJECTED for discussion.

Representative Josephson explained the amendment. He MOVED to AMEND Amendment 4 conceptually. The conceptual amendment 1 to Amendment 4 would remove amendment 3 therefore, the Judicial employees would not receive the additional increase in wages requested in Amendment 4.

Representative Carpenter asked for a restatement of the conceptual amendment.

Representative Josephson explained that Amendment 4 applied to the bill as written and was currently modified to everyone who worked in a courthouse. Therefore, conceptual amendment 1 excluded amendment 3.

Representative Thompson requested further clarification.

Representative Josephson stated that the court system was satisfied with the pay increase in Amendment 3, therefore the conceptual amendment would strike Amendment 3 from Amendment 4.

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AT EASE

[3:23:47 PM](#)
RECONVENED

ELISE SORUM-BIRK, STAFF, REPRESENTATIVE ANDY JOSEPHSON, explained how the adoptions of the previous amendments changed the bill. She offered that Amendment 1 included a 5 percent pay increase for all exempt and partially exempt employees.

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AT EASE

[3:25:40 PM](#)
RECONVENED

Ms. Sorum-Birk pointed to page 1, line 14 of version G of the legislation and read the words, "are increased by 10 percent." The conceptual amendment would change the 10 percent to 25 percent. She detailed that the original intent of the amendment would apply only to state attorneys. In Amendment 3, the increase was passed on to the Judicial branch employees. Therefore, Representative Josephson's proposal was to have the Judicial branch receive an additional 10 percent increase as adopted in amendment 3 and the state attorneys and legislative legal attorneys (as added by Representative Thompson's Amendment 2) would receive an increase of 25 percent [excluding the Judiciary.]

Representative Carpenter interjected that the conceptual amendment excluded the Judiciary branch.

Co-Chair Merrick asked for the specific conceptual amendment language.

Representative Josephson provided the specific conceptual amendment language. He stated that on a new line 4 of Amendment 4 insert the language, "the increase on line 14, page 1" from 10 to 25 percent was not operative for Court System employees, justices, and judges."

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Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, conceptual Amendment 1 to Amendment 4 was ADOPTED.

Representative Josephson spoke to the reason for the amendment. He characterized the increase as ambitious but felt it was justified. He reminded that committee that the state attorneys were desperately needed in the public sector on behalf of the public and heard that the department contracted out for legal services at up to \$600 per hour. He stated that contracting would still be necessary for things like oil and gas matters. However, when the state nurtured the legal talent in the oil and gas section, they resigned due to low wages. He relayed an earlier meeting with the Attorney General of the state and his team informed him that municipal attorneys starting salary was \$87 thousand and the executive branch started its attorneys at \$60 thousand. Therefore, the starting

salary increase in HB 226 increased the wage to \$69 thousand and although generous it was insufficient for retention. The starting salary in Washington state was \$69 thousand including geolocation differential pay. He asked the committee to recognize that attorneys were highly skilled and educated, often had education debt, and passed the toughest bar in the country. He believed that they deserved to be paid accordingly.

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Representative Rasmussen asked for an explanation why the original bill did not start at 25 percent if it was important to achieve that type of increase. Representative Josephson answered that sometimes decisions were made quickly when drafting a bill. He had not known that municipal attorneys started at \$87,000. He had not heard the compelling testimony from attorneys nor from DOL regarding the incredible turnover among its ranks. He faulted himself for not including a higher number in the bill. Representative Rasmussen was very comfortable with the original bill at the 10 percent. She was uncertain that the additional 15 percent would increase job satisfaction enough to retain employees. She spoke to other "meaningful" benefits that could boost morale including student loan repayment, childcare, etc. She thought there were other factors that needed consideration besides pay. She reasoned that improving benefits would help. She remained unconvinced it was only about pay.

[3:33:53 PM](#)

Vice-Chair Ortiz asked how the amendment would impact the existing fiscal note. He asked for the cost. Representative Josephson responded that the fiscal note for just attorneys was in the range of \$8 million. He noted that Worker's Compensation attorneys were classified employees.

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AT EASE

[3:35:46 PM](#)

RECONVENED

Representative Josephson deduced that the fiscal note would grow from \$8 million to \$20 million.

Representative Thompson wondered if the amendment would have a waterfall effect on the Court System.

Ms. Mead replied it was her understanding that the amendment would exclude the court system and was a 25 percent pay increase for attorneys. The Judicial salaries would increase by 10 percent under Amendment 3 but not the additional 15 percent as proposed in Amendment 4.

Representative Wool understood the amendment sponsor's reasoning. He ascertained that 5 percent was added by Amendment 1 and currently the other amendments increased it by 15 percent and the last amendment would bring it up to 30 percent overall. He took issue with the proposal because other state employees would appreciate a significant increase and there had been many years with no increases. He noted single digit increases for other state employees and highlighted that the university had gone many years without raises for anyone. He clarified that he was not questioning that the attorneys did not deserve more. He was not convinced that attorneys would quit unless the increase was 30 percent. It gave him caution to give one group a significant raise when others deserved it as well. He heard that Department of Transportation and Public Facilities (DOT) equipment operators were paid less than the private sector and the state ranks were decreasing. He remarked that teachers were also struggling. He restated his reticence towards the amendment.

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Representative LeBon MAINTAINED his OBJECTION to Amendment 4 as amended.

A roll call vote was taken on the motion.

IN FAVOR: Josephson, Edgmon, Foster

OPPOSED: LeBon, Ortiz, Rasmussen, Thompson, Wool, Carpenter, Johnson, Merrick

The MOTION to adopt Amendment 4 as amended FAILED (3/8).

Representative Josephson MOVED to ADOPT Conceptual Amendment 2 to Amendment 4 deleting "15" and inserting "25" on line 4 resulting in an approximately 20 percent pay increase.

Co-Chair Merrick OBJECTED for discussion.

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AT EASE

[3:42:32 PM](#)

RECONVENED

Co-Chair Merrick asked for Representative Josephson to restate the amendment.

Representative Josephson clarified that Conceptual Amendment 5 pertained to page 1, line 14 of the legislation. The conceptual amendment would increase the 10 percent increase in the bill to 15 percent, which would result in a net 20 percent increase in pay for attorneys and administrative law judges. He clarified that the Court system would not be included in the increase from 10 to 15 percent.

Co-Chair Merrick MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Thompson, Wool, Edgmon, Johnson, Josephson, Foster

OPPOSED: LeBon, Rasmussen, Carpenter, Johnson, Merrick

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

Co-Chair Merrick would hold the bill for updated fiscal notes.

HB 226 was HEARD and HELD in committee for further consideration.

#hb416

HOUSE BILL NO. 416

"An Act relating to the compensation of certain executive branch employees not covered by collective bargaining agreements; and providing for an effective date."

[3:44:27 PM](#)

Co-Chair Merrick relayed that the bill was previously heard on April 29, 2022. Amendments for HB 416 were due yesterday, and none were received.

Co-Chair Merrick OPENED public testimony.

KEVIN HIGGINS, SELF, JUNEAU, supported the bill. He believed that retention bonuses were a "great idea." He noted retention bonuses were included in HB 281 and the operating budget bill provided bonuses for some DOL attorneys. He indicated that the Civil Division was at risk of losing valuable support staff like paralegals and associated attorneys who were not covered under GGU. He voiced that the structure would collapse without additional support. He felt that the bonuses granted in HB 281 for attorneys could be reappropriated to DOL support staff considering the increase awarded in HB 226. He stressed that the support staff needed the increase and the department needed to retain them.

[3:46:07 PM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Foster MOVED to REPORT HB 416 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

HB 416 was REPORTED out of committee with six "do pass" recommendations, one "do not pass" recommendation, and four "no recommendation" recommendations and with one new indeterminate fiscal note from the Office of the Governor/Various.

[3:46:38 PM](#)

AT EASE

[3:54:49 PM](#)

RECONVENED

#hb283

HOUSE BILL NO. 283

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making supplemental appropriations; and providing for an effective date."

3:54:52 PM

Co-Chair Merrick relayed that the bill was heard during the morning meeting [050322 9:03 A.M.].

Representative Rasmussen referenced page 9, lines 25 through line 26, that appropriated \$30 million for state funded road and bridge completion for House districts 1 through 40 and wondered whether there was a list of projects.

DOM PANNONE, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR (via teleconference), replied that the funding was for any existing state projects that needed additional funding for completion and would be determined by the department. Representative Rasmussen wanted to know where the funding would be spent. Mr. Pannone responded that the department could provide a list of targeted projects to the committee, but currently there were not any intended or named projects associated with the funding.

JOHN BINDER, DEPUTY COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), did not have any additional information to offer. He would provide a potential list of projects, but nothing was currently designated.

Representative Rasmussen asked if the department requested the funds. She wondered how the funding came to be included in the budget. Mr. Binder deferred to Mr. Pannone.

Mr. Pannone answered that he did not believe it was a governor's requested item. He believed it had been added by the legislature.

3:59:30 PM

AT EASE

4:08:26 PM

RECONVENED

Representative Rasmussen referenced the \$30 million addition for road and bridge completion that was added by the legislature. She wondered how and when it had been added.

MICHAEL PARTLOW, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION, replied that it had been added by the Senate. Representative Rasmussen asked for the total number of funding added to the capital budget by the Senate. Mr. Partlow would follow up with the information.

[4:09:54 PM](#)

Representative Wool noted that there had been prior discussion about the Port of Alaska located in Anchorage. He asked if there was any state relationship to the port. Mr. Pannone deferred to a colleague.

ANDY MILLS, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), answered that as part of the department's long range freight plan the Department of Transportation and Public Facilities (DOT) was developing a holistic statewide approach to freight and cargo and had a department member on the team of coordinators for the Port of Anchorage involved in the planning effort. He indicated that DOT had no specific planning or directional efforts for the port since it was a municipal port.

[4:12:30 PM](#)

Representative Wool stated his understanding of the answer. He was interested to hear more about the department's holistic freight plan. He determined that Alaska had freight entering the state by many different means and entry points and DOT likely had the data on all the freight entering the state. He recalled testimony stating that 50 percent of all freight came through the port in Anchorage and was distributed to 90 percent of its communities. He wondered how DOT's developing long range freight plan would mesh with the Port of Anchorage's plan and how the department would solve any problems with the port. Mr. Mills replied that the department would provide the prior copy of the freight plan and some of the efforts taken. He explained that the freight plan was a document like the long range transportation plan that accounted for future capacity needs. The department anticipated the future

capacity needs of multimodal and intermodal transportation systems statewide. The department collected information from stakeholders but beyond that it currently lacked specific data regarding the port but had an estimate of the future potential of the port. The information gave DOT a picture of what infrastructure was necessary to accommodate the port. Representative Wool assumed that most of the freight entered Alaska by ship. He asked what percentage of the state's freight came via ship. He assumed the number was significant. Mr. Mills recalled that it was around 80 percent, but he did not know for certain. He understood the Ted Stevens International Airport received a substantial amount of cargo, but he lacked the data in comparison to the port.

[4:16:48 PM](#)

Representative LeBon referenced the Alaska Marine Highway System (AMHS) funding including \$30 million in federal funds. He asked for verification that the federal money had been secured by the state's congressional delegation.

Mr. Partlow answered in the affirmative. He added that the funding was part of the \$200 million for rural ferry service as part of the federal Infrastructure Investment and Jobs Act (IIJA). Representative LeBon looked at the \$20 million for AMHS and asked if it had been included in the governor's original budget. Mr. Partlow replied in the affirmative. He detailed the funding was a typical yearly expense for maintenance and repair of vessels whereas the \$30 million was specifically for the design of a mainline vessel.

Representative Carpenter cited section 14, page 57 of the bill and read, "the expended and unobligated balances of the following appropriations are reappropriated to the Department of Health" reappropriated from the Department of Health and Social Services. He pointed to the first reappropriation from the 2007 budget for DHSS for the Medicaid Management Information System (MMIS) completion in the amount of roughly \$12 million for MMIS completion. He asked for the status of the MMIS completion from 2007 and questioned why there was still remaining funding to be reappropriated after 15 years.

[4:20:08 PM](#)

Mr. Partlow agreed that it was a very old capital appropriation. He informed Representative Carpenter that as long as there was activity on an old appropriation it could go on in perpetuity. The money would lapse after several years without any expenditure or continuance of work on the project. The lapsed funding would be considered for the legislature to reappropriate it for a different purpose. Typically, funding for capital projects lasted for 5 years but it could last longer if it had ongoing activity. Representative Carpenter asked for a definition of "ongoing activity" as it pertained to the MMIS. In 2007 they had used the word "completion." He asked what a continued effort to complete the system may be. Mr. Partlow suggested that the department could speak more precisely about the activity. He was aware that it was an ongoing project, and they were not at completion. Representative Carpenter turned to line 2 of the reappropriation for the Department of Health in the amount of \$24 million for the Statewide Electronic Health Information Exchange System reappropriated to the Statewide Electronic Health Information Exchange System. He inquired whether it was a similar situation where there was ongoing activity for 13 years.

[4:22:34 PM](#)

Mr. Partlow answered in the affirmative. He received information that the two projects had a significant amount of federal funding authority, so it was not state funding sitting in a bank account; it represented the authority to expend federal funding for the projects. Representative Carpenter stated that it would be helpful to know whether the DHSS funding was federal or state. Mr. Partlow would follow up. Representative Carpenter pointed out that there were many reappropriations he had questions on that were over 10 years old in the millions of dollars.

[4:23:36 PM](#)

Co-Chair Foster referenced the earlier question by Representative Rasmussen regarding the governor's original requested amount and how much the Senate added. He pointed to a document titled "Capital Budget - Agency Summary - House Structure," dated April 28, 2022, (copy on file), which was prior to the adoption of the current Committee Substitute (CS). He relayed that the governor had a total of nearly \$311 million in Unrestricted General (UGF). When

the committee adopted the Senate version the UGF amount increased to approximately \$707 million. He surmised that the governor requested \$311 million, and the Senate added roughly \$400 million.

Representative Rasmussen hoped someone was online to answer Representative Wool's prior question regarding how much freight entered the Port of Alaska.

DAVID KARP, SENIOR VICE-PRESIDENT, MANAGING DIRECTOR, SALTCHUK, ANCHORAGE (via teleconference), answered that he did not know the specific amount of the volume of freight that entered the Port of Alaska. He thought that the broader question was what the alternatives to the port were for bringing significant volumes into the state. He remarked that the other ports on the road system were viable, but it was necessary to consider the types of infrastructure required to accommodate different types of vessels. He viewed viability from a business continuity perspective and believed that Seward was the most viable port. However, proximity to market was a key consideration when considering the impacts on surface transportation. He noted that Saltchuk's ships unloaded over 400 containers twice a week, but the company called the Port of Anchorage home.

Representative Rasmussen asked if the volume at the Port of Seward increased whether it would cost consumers more when transporting the goods to the Interior via road or railroad. Mr. Karp responded that it was a difficult question to answer due to the number of variables associated with the transportation infrastructure from Seward to the Interior. He deemed that it was a reasonable conclusion to draw that being closer to the market increased efficiency.

[4:28:34 PM](#)

Representative Rasmussen asked if Mr. Karp was aware of any road access to the interior from Seward if something caused the Seward Highway to shut down. Mr. Karp replied in the negative. He pointed out that one of the things that made Seward unique was that it offered both rail and highway access.

Vice-Chair Ortiz asked whether Whittier was a viable option to become a major port for the state. Mr. Karp related that

after the 2018 earthquake Saltchuck thoroughly analyzed relocating short-term and long-term operations and discovered that the Port of Seward was the preferred alternative. He elucidated that considering water depth, docking capacity, and shore side infrastructure Seward was the "best alternative." He noted that from a business perspective the Port of Alaska in Anchorage made the most sense due to its proximity to market.

[4:31:18 PM](#)

Representative Carpenter restated his prior questions regarding reappropriations. He asked why a 13 year old item was still being carried forward for what was originally a system completion project.

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, answered that the appropriations were still ongoing and needed to be sorted into the two new DHSS departments. He delineated that the MMIS had been an ongoing IT project for quite some time with several appropriations over the years. He reported that much of the funding was federal in addition to the state General Fund (GF) listed in the bill. As the projects progressed and changes were made the projects remained active in the state's accounting system and any ongoing projects were split into the two new departments. He deferred to a colleague for additional detail.

[4:33:29 PM](#)

SYLVAN ROBB, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES (via teleconference), responded that she concurred with Director Steininger's remarks. She explained that the MMIS was a complex system that took many years to develop, and the department was still using the funding. She was also ensuring that all expenditures in older capital projects were properly accounted for before they closed the projects as they divided into two departments. She anticipated that they may find several of the projects may be able to be closed but they wanted to proceed with caution.

Representative Carpenter asked how complete the MMIS was in percentages. Ms. Robb was uncertain and offered to provide the answer. Representative Carpenter opined that 15 years

was a long time to drag out a project and it failed the "common sense test."

[4:35:39 PM](#)

AT EASE

[4:35:47 PM](#)

RECONVENED

Representative Carpenter referenced the second project in his earlier question. He asked if the original appropriation was creating an information exchange system and whether the system was still ongoing 13 years later. Ms. Robb answered that the Health Information Exchange (HIE) was an ongoing project. She indicated that the exchange was a tool that allowed healthcare providers to connect their electronic health records systems. The HIE was mandated in state statute and was required by the Centers for Medicare and Medicaid Services. Alaska was not the only state that had a "long runway" for setting up the information exchange and it was something all states were working on. It had been a lengthy process for almost all states. She added that as technology changed the project had morphed over time. Representative Carpenter wanted to know how much of the \$25 million appropriation was state funds versus federal funds. He pointed to the item 5 reappropriation for Electronic Health Record Incentive Payments on page 57, Section 14 of the bill in the amount of \$36.5 million from FY 2011 and asked why the funding was carried forward since 2011 and what was the split between federal and state funding.

[4:38:28 PM](#)

Ms. Robb answered that the state was no longer making the incentive payments for participation in HIS. She mentioned that the department was in the middle of an active effort to ensure capital appropriations were cleaned up and they were reluctant to close out a few projects before the cleanup process was completed. She reiterated that the administration was in the process of splitting DHSS into the Department of Health and the Department of Family and Community Services. She commented that DHSS had many capital projects and she had hoped the process would have been completed sooner. Representative Carpenter reasoned that there was a benefit to splitting the department. He discerned that before the funds were reappropriated it was

logical to know whether the funds were needed and if not, the state portion could be reappropriated somewhere else or federal money could be returned. He reiterated that in Section 14 there were a number of reappropriations that were a decade or older and he had the same question for each item. He asked for a blanket request to understand each item and whether they were necessary.

Mr. Steininger answered in the affirmative. He noted that the department could quickly provide a list through its annual report, "Capital Appropriation Status Report." He furthered that there was a significant amount of administrative work to divide the department and much more time was spent on that. When the reappropriations were requested, DHSS decided where the funding belonged and wanted to work to decide what reappropriations were still active or could be closed out in the next fiscal year. The task was sidelined in the hierarchy of tasks that prioritized what other administrative functions were valuable to ensure an effective and successful transition. He agreed that keeping outdated capital projects ongoing created an unnecessary administrative burden. However, the focus of the transition was to clear up administrative issues first.

[4:42:50 PM](#)

Representative Carpenter understood Mr. Steininger's logic behind the decision. He asserted that the Capital Budget for the current year needed immediate action. He wanted to consider the reappropriations in the current capital budget and make decisions. He stated that the items were on "his agenda." He requested more information regarding the \$100 million to determine what needed to be reappropriated in the FY 23 budget and what could immediately be made available for other priority items. Mr. Steininger would follow up with the information.

Vice-Chair Ortiz appreciated Representative Carpenter's line of questioning. He wondered whether the \$100 million was appropriated each year since the initial appropriation and whether the funds were expended each year. Mr. Steininger replied that the initial appropriation year was listed and was expended over time as the project progressed. He elaborated that part of the annual review included looking at capital projects to determine whether there were annual meaningful expenditures or ongoing

obligations to decide if they should be administratively terminated and trigger an effective lapse date. He furthered that many of the funds remaining on older projects tended to be federal authority so there was less incentive to reappropriate the funding. He reiterated that the capital appropriation report produced by OMB showed the detail of the unobligated amounts of both GF and federal authority. He would provide a summary showing all the projects to show which had either general funds or federal authority. Vice-Chair Ortiz exemplified line 23 and noted appropriations for \$36 million and \$518 thousand for the Electronic Health Record Incentive Payments in 2011. He wondered if since 2011, the department was in the process of expending the \$36 million. Mr. Steininger answered in the affirmative. He added that the incentives were sent to practitioners for establishing electronic health records. He deferred to Ms. Robb for details.

Ms. Robb replied that the department would provide the status report to the committee. She agreed that most of the projects listed had primarily federal funding without GF match and could not be reappropriated for other projects.

[4:48:01 PM](#)

Representative Carpenter asked if the dollar figures reflected the year the appropriation had been made or the remaining dollar figure. Mr. Steininger asked for a copy of the bill. He replied that the numbers listed in the bill were the original appropriation amounts. Representative Carpenter asked OMB to provide the actual remaining amounts to be reappropriated in the follow up information.

[4:49:48 PM](#)

Representative Carpenter assumed that whatever remaining amount of federal funds there were funds sitting in the General Fund and Other Non-Segregated Investments (GeFONSI) or other accounts. He wondered whether the federal funds were accruing interest, were usable for other purposes, or just sat in an account. Mr. Steininger answered that the federal funding was receipt authority and was not cash on hand. He clarified that most federal programs operated on a reimbursable basis. The state sent monthly or quarterly bills to the federal government for reimbursement.

Co-Chair Merrick noted there would be public testimony for HB 283 the following day and would be limited to two minutes.

HB 283 was HEARD and HELD in committee for further consideration.

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

ADJOURNMENT

4:51:54 PM

The meeting was adjourned at 4:51 p.m.