

SENATE FINANCE COMMITTEE
April 14, 2021
9:01 a.m.

9:01:42 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff, Senator Click Bishop; Neil Steininger, Director, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

SUMMARY

SB 55 EMPLOYER CONTRIBUTIONS TO PERS

SB 55 was HEARD and HELD in committee for further consideration.

SB 89 ASSISTED LIVING HOMES: HOUSE RULES

CSSB 89(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN 1(DHS).

#sb89

SENATE BILL NO. 89

"An Act relating to house rules for assisted living homes."

9:02:40 AM

Co-Chair Bishop discussed housekeeping.

9:03:12 AM

AT EASE

9:03:19 AM

RECONVENED

Senator Olson MOVED to ADOPT proposed committee substitute for SB 89, Work Draft 32-GS1675\B (Dunmire, 4/13/21).

Co-Chair Stedman OBJECTED for discussion.

9:04:15 AM

ERIN SHINE, STAFF, SENATOR CLICK BISHOP, relayed that there was only one change and read from an Explanation of Changes document (copy on file):

Page 3, Line 21 Removes Section 4 from version A which instructed the revisor of statutes to give effect to the provisions in the Act if the executive order submitted reorganizing the Department of Health and Social Services became law. Executive Order 119 was withdrawn on March 11, 2021.

Co-Chair Stedman WITHDREW his objection. There being NO further OBJECTION, it was so ordered.

9:05:09 AM

Senator Olson asked the effect of withdrawal of Executive Order 119 would have on SB 89.

Ms. Shine explained that there was no effect on the material provisions 1 through 3 on SB 89.

9:06:15 AM

Senator von Imhof discussed the zero-impact fiscal note from the Department of Health and Social Services. She read from the analysis:

This bill would align Alaska law with federal regulations around Medicaid-supported home and community-based waiver settings. Because the department has already worked with providers to align with these federal regulations this bill would have no fiscal impact to the department.

[9:07:09 AM](#)

Senator Hoffman MOVED to report CSSB 89(FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 89(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN 1(DHS).

[9:07:30 AM](#)

AT EASE

[9:09:14 AM](#)

RECONVENED

#sb55

SENATE BILL NO. 55

"An Act relating to employer contributions to the Public Employees' Retirement System of Alaska; and providing for an effective date."

[9:09:14 AM](#)

Co-Chair Bishop discussed housekeeping.

[9:09:57 AM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, explained that the intent of the bill was to change the way that the state financed the state assistance portion of PERS contributions for the State of Alaska as an employer. He said that the bill impacted the state assistance payments made in the language

section of the operating budget and transferred approximately \$100 million of those payments into the agency operations budgets where they could be shared with other fund sources that paid for state agency payroll. The move would result in a net savings of approximately \$25.7 million of UGF by utilizing other fund sources to cover the cost. He relayed that under current law the payment into the PERS system based on payroll was capped at 22 percent of payroll; the mechanism by which the bill would achieve savings would be to remove the cap and apply the full actuarial rate to state payroll. He relayed that the rate for the following fiscal year would be 30.11 percent. He shared that the difference in percentage would be added to state payroll but compensated for with the reduction of the state assistance portion in the budget.

[9:11:54 AM](#)

Co-Chair Stedman asked for commentary on potential impacts of the legislation at the local level.

Mr. Steininger stated that the bill was intended only to impact the State of Alaska as an employer and would not impact municipalities and the like. The bill would not impact the Teacher's Retirement System (TRS) and would continue to make the full actuarial contribution and would not impact retirement payments.

[9:13:09 AM](#)

Senator Olson referenced the 22 percent payroll contribution that had a cap. He wondered what other fund sources would make up the 30.11 percent.

Mr. Steininger stated that the funds would be primarily federal receipts.

[9:13:54 AM](#)

Senator Olson asked what would happen if there was an interruption in federal receipts and a shortfall in contributions.

Mr. Steininger replied that OMB had had discussions with state agencies about the possibility of delayed funds and said that any shortfall would be accommodated with UGF.

[9:15:03 AM](#)

Senator Wielechowski asked about the proposed effective date of July 1, 2021. He asked whether the administration had considered moving the date to as early as possible in order to take advantage of the infrastructure or Covid-19 funds from the federal government.

Mr. Steininger explained that the date was kept to simplify the accounting work done by the state. He furthered that changes would have to be made to profiles that pay the salaries for state employees and making changes mid-year would be more work than was necessary.

Senator Wielechowski recognized there could be more work and asked whether there had been a cost-benefit analysis done to determine whether the change was truly beneficial.

Mr. Steininger conveyed that most of the money that would come to the state through a potential infrastructure package would likely be spent in FY 22 and beyond; very little of the money would be spent in FY 21. He said that the effective date would capture the funds because the effective date would allow for the charge to be for any work done after July 1st. Most of the work done of infrastructure projects would happen after that date.

[9:17:17 AM](#)

SB 55 was HEARD and HELD in committee for further consideration.

Co-Chair Bishop set an amendment deadline for Friday, April 16, 2021 at 5PM. He discussed further housekeeping.

#

ADJOURNMENT

[9:17:50 AM](#)

The meeting was adjourned at 9:17 a.m.