

HOUSE FINANCE COMMITTEE  
May 13, 2024  
10:10 a.m.

10:10:24 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 10:10 a.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair  
Representative Neal Foster, Co-Chair  
Representative DeLena Johnson, Co-Chair  
Representative Julie Coulombe  
Representative Mike Cronk  
Representative Alyse Galvin  
Representative Sara Hannan  
Representative Andy Josephson  
Representative Dan Ortiz  
Representative Will Stapp  
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Senator James Kaufman, Sponsor; Emma Torkelson, Staff, Senator James Kaufman; Stacy Barnes, Director, Government Relations and Public Affairs, Alaska Housing Finance Corporation; Senator Scott Kawasaki, Sponsor; Griffen Sukkaew, Staff, Senator Scott Kawasaki; Representative Genevieve Mina, Sponsor; Senator Elvi Gray-Jackson, Sponsor; Laura B. Timko, Chief Policy Analyst, Office of Management and Budget, Office of the Governor; Brodie Anderson, Staff, Representative Neal Foster; Paul Labolle, Staff, Representative Neal Foster.

PRESENT VIA TELECONFERENCE

Deb Etheridge, Director, Division of Public Assistance, Department of Health.

SUMMARY

HB 400 CORRESPONDENCE STUDY PROGRAMS; ALLOTMENTS

CSSH 400(FIN) was REPORTED out of committee with four "do pass" recommendations, one "do not pass" recommendation, two "no recommendation" recommendations, three amend "recommendations" and with one previously published fiscal impact note: FN1 (EED).

CSSB 34(FIN)

CITIZEN ADVISORY COMM ON FEDERAL AREAS

CSSB 34(FIN) was SCHEDULED but not HEARD.

CSSB 151(FIN)

MISSING/MURDERED INDIGENOUS PEOPLE;REPORT

CSSB 151(FIN) was SCHEDULED but not HEARD.

CSSB 170(FIN)

EXTND SR BENEFITS; REPEAL LONGEVITY BONUS

HCS CSSB 170(FIN) was REPORTED out of committee with eight "do pass" recommendations and two "amend" recommendations and with two new fiscal impact notes from the Department of Health and one previously published fiscal impact note: FN1 (DOH).

SB 183 WORKERS' COMP BENEFITS GUARANTY FUND

SB 183 was SCHEDULED but not HEARD.

SB 205 am

AHFC AUTHORITY TO ACQUIRE BUILDING

SB 205 am was REPORTED out of committee with ten "do pass" recommendations and with one new fiscal impact note from the Department of Revenue.

CSSB 259(FIN)

COMPENSATION FOR CERTAIN STATE EMPLOYEES

HCS CSSB 259(FIN) was REPORTED out of committee with ten "do pass" recommendations and with one new indeterminate fiscal note from the Office of the Governor for Various.

Co-Chair Foster reviewed the meeting agenda.

#hb400

HOUSE BILL NO. 400

"An Act relating to correspondence study programs; relating to allotments for correspondence study programs; and providing for an effective date."

10:11:22 AM

Representative Hannan asked if a motion to table was in order.

Representative Stapp OBJECTED.

Representative Hannan MOVED to table HB 400 to a time certain after 10:40 am in the current day.

10:13:01 AM

AT EASE

10:13:49 AM

RECONVENED

A roll call vote was taken on the motion to table the bill.

IN FAVOR: Hannan, Galvin, Josephson, Ortiz

OPPOSED: Tomaszewski, Cronk, Coloumbe, Stapp, Edgmon, Foster

Failed 4/6

Co-Chair Johnson was absent from the vote.

Representative Stapp MOVED to REPORT CSHB 400(FIN) out of committee with individual recommendations and the accompanying fiscal note.

Representative Hannan did not support moving the bill. She believed that there were outstanding policy discussions and potential amendments. She concluded that currently reporting the bill out would create delays on the floor and she could not support the bill in its current form.

Representative Ortiz opposed the motion. He believed that the committee needed more time to consider the bill and concurred with Representative Hannan regarding delays on the floor in its current form.

Co-Chair Edgmon supported moving the bill out of committee. He thought that a perfect solution was not obtainable, and the bill offered a simple solution that had broad support. He added that it was a temporary solution and could possibly prevent a special session. He emphasized that immediate action was necessary and acknowledged that there would be a lengthy discussion on the floor.

A roll call vote was taken on the motion.

IN FAVOR: Tomaszewski, Cronk, Coloumbe, Stapp, Galvin, Edgmon, Foster

OPPOSED: Hannan, Josephson, Ortiz

Passed 7/3

Co-Chair Johnson was absent from the vote.

CSHB 400(FIN) was REPORTED out of committee with four "do pass" recommendations, one "do not pass" recommendation, two "no recommendation" recommendations, three amend "recommendations" and with one previously published fiscal impact note: FN1 (EED).

#sb205

SENATE BILL NO. 205 am

"An Act authorizing the Alaska Housing Finance Corporation to acquire or purchase a building that it occupies for an amount that does not exceed \$8,000,000; and providing for an effective date."

10:18:46 AM

SENATOR JAMES KAUFMAN, SPONSOR, reviewed the bill. He explained that the Alaska Housing Finance Corporation (AHFC) owned and operated more than 1,600 units of low income public housing in communities throughout the State. For many years, Anchorage maintenance personnel have relied on shipping containers at key housing properties to meet storage needs for operations. In the last several years,

these containers have become attractive targets for vandalism, break-ins, and theft of equipment and materials. The corporation had identified a maintenance facility warehouse to purchase in East Anchorage to meet its need into the future. The building was discovered through a competitive RFP process and the purchase and maintenance costs would be paid for via federal funds. The purchase price was not to exceed \$8 million. Ownership would allow AHFC to better provide warehouse space for equipment and materials storage, effectively stage materials, and deploy employees and equipment to service properties around the state. Pursuant to statutory requirement, the legislative branch must authorize any property purchase by AHFC. However, the AHFC retained the ability to reject the purchase if the negotiations became unfavorable.

EMMA TORKELSON, STAFF, SENATOR JAMES KAUFMAN, reviewed the sectional analysis (copy on file).

Section 1. Authorizes the Alaska Housing Finance Corporation to purchase the building at 700 Bragaw Street in Anchorage, Alaska for an amount not to exceed \$8 million.

Section 2. Sets an immediate effective date.

STACY BARNES, DIRECTOR, GOVERNMENT RELATIONS AND PUBLIC AFFAIRS, ALASKA HOUSING FINANCE CORPORATION, thanked the committee. She relayed that there was a large volume of information regarding the building in Anchorage in the members' bill packets. She emphasized that the building would enhance AHFC's ability to maintain its housing stock across the state and would "be a terrific benefit." The corporation would purchase the facility using federal funds that were already obtained and was authorized by the federal government for the use of purchasing the building. She reviewed the new Department of Revenue fiscal impact note dated May 9, 2024. She explained that AHFC requested a federally funded operating increment of \$200 thousand in FY 2025. The increment covers the ongoing operating expenses of the facility and includes utilities, property insurance, and other maintenance costs. In addition, AHFC requested a one-time \$8 million federal capital appropriation for the purpose of purchasing a multipurpose/maintenance facility.

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

[10:24:45 AM](#)

Representative Galvin thanked AHFC. She understood that the \$8 million could only be used for the facility versus building more housing. She believed that the facility was important for the maintenance of AHFC's existing housing stock.

Representative Coulombe asked where the maintenance funding would come from. Ms. Barnes replied that it was federal funding.

Co-Chair Edgmon MOVED to REPORT SB 205 am out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

SB 205 am was REPORTED out of committee with ten "do pass" recommendations and with one new fiscal impact note from the Department of Revenue.

Co-Chair Foster thanked the sponsor.

#sb170

CS FOR SENATE BILL NO. 170 (FIN)

"An Act relating to the Alaska longevity bonus program and the Alaska senior benefits payment program; and providing for an effective date."

[10:27:42 AM](#)

Co-Chair Foster noted the bill had been heard previously [April 12, 2024].

SENATOR SCOTT KAWASAKI, SPONSOR, reviewed the bill. He recapped that SB 170 would extend the Senior Benefits Program indefinitely. The program aids over 10,000 Alaskans aged 65 and older with incomes at 75, 100, and 175 percent of the federal poverty level. The assistance can range from \$76.00 to \$250.00 a month for eligible seniors. He mentioned how many seniors benefitted in various regions of the state. He noted that the program had historical and current bipartisan support.

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

[10:30:12 AM](#)

Co-Chair Foster requested a review of the fiscal notes.

COURTNEY ENRIGHT, LEGISLATIVE LIAISON, DEPARTMENT OF HEALTH. She discussed the fiscal notes. She turned to the Department of Health (DOH) (FN1 (DOH) fiscal note allocated to the Senior Benefits Payment Program dated January 1, 2024. The projected total senior benefit expenditure for the next fiscal year was \$23,542.3 million and increased by one percent in the outyears.

[10:31:05 AM](#)

Co-Chair Foster moved to amendments.

Representative Stapp MOVED to ADOPT Amendment 1:

Page 2, following line 5:

Insert a new bill section to read:

"\* Sec. 4. Section 4, ch. 1, FSSLA 2007, as amended by sec. 5, ch. 6, SLA 2011, sec. 1, ch. 113, SLA 2014, and sec. 1, ch. 8, SLA 2018, is amended to read:

Sec. 4. AS 09.38.015(a)(11); AS 47.45.301, 47.45.302, 47.45.304, 47.45.306, 47.45.308, and 47.45.309 are repealed June 30, 2029 [2024]."

Renumber the following bill sections accordingly.

Page 2, lines 10 - 11:

Delete all material.

Renumber the following bill section accordingly.

Representative Josephson OBJECTED.

Representative Stapp discussed the amendment. He explained that the amendment added a sunset provision back into the

bill. The payments were in fixed amounts and a future legislature might want to revisit the issue due to factors like inflation or to make changes to the program.

Representative Josephson asked why he selected some of the date references and not others. He asked for clarity. Representative Stapp explained it was how Legislative Legal drafted the amendment. He assumed it applied to the entirety of the bill.

Representative Josephson asked for the sponsor's opinion of the amendment. Senator Kawasaki replied that the current legislation had been in effect and unchanged since 2007. The fiscal note reflected increments in the outyears to allow a larger number of seniors coverage. The Senate Finance Committee eliminated the sunset date via amendment. He thought that whether to add it back was the committee's decision.

Representative Hannan cited Senator Kawasaki statement that the current program was unchanged since 2007. She wondered if the payouts had not changed or just the eligibility. Senator Kawasaki answered that the program had not changed since 2007, but the income limits were adjusted annually through regulation. Representative Hannan reiterated her question regarding the monthly payouts. Senator Kawasaki replied that it depended on the number of enrollees, but the underlying bill and regulations had not changed since 2007.

GRIFFEN SUKKAEW, STAFF, SENATOR SCOTT KAWASAKI, added that the payout levels were subject to legislative appropriation.

[10:36:10 AM](#)

Representative Ortiz asked if the current sunset date was the first time there had been one. Senator Kawasaki answered that there had been sunsets since the program's inception in the 1970s. He deferred to the will of the committee regarding the amendment.

Representative Coulombe asked why Representative Stapp chose 2029. Representative Stapp answered that the date did not matter to him. He considered the high inflation rate over the prior 3 years and chose a 5 year sunset. The program had always had a sunset date. He did not believe

the legislature would reconsider a program due to inflation if a sunset was not included in the program. The current fixed amounts in the bill might want to be readjusted in the future.

[10:38:34 AM](#)

Co-Chair Edgmon thought there was an adjustment due to regulation and changing federal poverty guidelines. He deduced that it would be adjusted over time moving forward.

Representative Ortiz asked what action was taken in the prior committee. Senator Kawasaki replied that the Senate Finance Committee had removed the sunset completely. He delineated that there was a 2 percent escalator in the fiscal note and the historical 2 percent increase was already in statute.

Representative Galvin understood that there may be fluctuation in terms of percentages of household income, but the amount of the payout was not changing over the years. Senator Kawasaki pointed to a fact sheet document in members files ["Senior Benefits Program - Information and Fact Sheet" updated January 2024, DOH] (copy on file) that showed examples of the payout changing due to changes in the federal poverty guidelines. In addition, on page 3 the total number of recipients had changed over time and actually decreased in 2022. He felt that the underlying policy was that senior benefits remained available when seniors needed them.

[10:41:35 AM](#)

Representative Galvin strongly supported the program and bill. She wanted to understand the reason for the proposed amendment. She wondered whether it was warranted to examine the issue again in five years to determine if the monthly payment amount was sufficient or if it needed an upward adjustment. She wanted to understand the mechanism of the program and how the payout was calculated. She wondered if the payout was something that the legislature adjusted. Senator Kawasaki stated the program was in place and budgeted annually based on prior annual numbers. He believed that the adjustments were already built in.

[10:42:55 AM](#)

Representative Stapp provided wrap up for the amendment. He cited the sponsor statement related to the fixed amount and read the following:

Subject to appropriation from the Alaska State Legislature, assistance can range from \$76 to \$250 a month for eligible seniors.

Representative Stapp elaborated that the 2 percent projected growth noted in the fiscal note was due to Alaska's aging population. In addition, regarding the federal poverty limit, the qualification adjusts at the federal guidelines. Therefore, more or less seniors would be eligible for benefits, but the amounts of payout do not change unless the legislature changes the appropriation. He reiterated that the purpose of the sunset amendment was that the program always had a sunset and if any member believed that the amount of \$76.00 to \$250.00 was adequate to the end of time, then he advised not to vote for the amendment. He believed that the legislature would never revisit the bill without a sunset. He favored a sunset every 5 or 6 years to encourage consideration of legislative changes to the program.

[10:44:14 AM](#)

Representative Josephson maintained the objection.

A roll call vote was taken on the motion.

IN FAVOR: Coulombe, Stapp, Tomaszewski, Cronk, Foster  
OPPOSED: Hannan, Ortiz, Josephson, Galvin, Edgmon

Failed 5/5

Co-Chair Johnson was absent from the vote.

Co-Chair Foster RECESSED the meeting to a call of the chair.

[10:45:57 AM](#)

RECESSED

[12:01:40 PM](#)

RECONVENED

Co-Chair Foster noted the committee had left off on considering Amendment 2 for SB 170.

[12:02:14 PM](#)

Representative Hannan MOVED Amendment 2 to SB 170:

Page 1, line 2, following "program;":

Insert "relating to the supplemental nutrition assistance program;"

Page 2, following line 5:

Insert a new bill section to read:

"\* Sec. 4. AS 47.25.980(a) is amended to read:

(a) The department shall

(1) adopt regulations necessary to carry out the food stamp program;

(2) cooperate with the federal government and do all things necessary to continue state eligibility under the food stamp program;

(3) comply with the requirements of 7 U.S.C. 2011 - 2036d (Supplemental Nutrition Assistance Program), implement categorical eligibility under 7 U.S.C. 2014(a), and make eligible an individual whose household income is not more than 200 percent of the federal poverty guideline regardless of the value of assets owned by the household [7 U.S.C. 2011 - 2036 (FOOD STAMP PROGRAM)];

(4) establish an electronic application for the food stamp program and allow an applicant to submit an application in electronic format or in other formats required by state and federal law; the electronic application must inform an applicant that a false statement made on the application will be investigated and is punishable under AS 11.56.210; in this paragraph, "electronic application" means an application for benefits or renewal of benefits, whether the department exclusively administers the benefits or administers the benefits in coordination with another state agency or federal agency, electronically completed and submitted through the department's Internet website."

Renumber the following bill sections accordingly.

Page 2, line 12:

Delete all material and insert:

"\* Sec. 7. Section 4 of this Act takes effect July 1, 2025.

\* Sec. 8. Except as provided in sec. 7 of this Act, this Act takes effect immediately under AS 01.10.070(c)."

Representative Stapp OBJECTED.

Representative Hannan explained that the amendment would add HB 196 (Food Stamp Program Eligibility) to SB 170. The bill had two prior hearings [May 1, 2024 and May 2, 2024] in the House Finance Committee. She believed that it was the stage in session when efficiency measures were necessary. The legislation would expand the Supplemental Nutrition Assistance Program (SNAP) and help feed Alaskans by broadening broad based categorical eligibility. The program would help elevate people out of poverty and was "a federal flexibility" that was adopted in 42 states and 2 territories. She explained that the amendment allowed the state to increase income limits from 130 percent of poverty to 200 percent of the poverty limit. However, it was not mandating an increase to 200 percent, but it allowed for expansion and the development of new regulations to expand up to 200 percent. In addition, it allowed the state to waive the asset test, which aided disqualification via ownership of vehicles, etc. The amendment would also allow the state to phase down eligibility for working families as their economic status increases. She reported that SNAP was an economic driver in rural communities since, every dollar spent on SNAP generated \$1.70 in communities. The bill increased the administrative burden and had the potential to save the state money.

[12:04:50 PM](#)

Representative Stapp MOVED Conceptual Amendment 1 to Amendment 2.

Page 2, following line 5:

Insert a new bill section to read:

"\* Sec. 4. Section 4, ch. 1, FSSLA 2007, as amended by sec. 5, ch. 6, SLA 2011, sec. 1, ch. 113, SLA 2014, and sec. 1, ch. 8, SLA 2018, is amended to read:

Sec. 4. AS 09.38.015(a)(11); AS 47.45.301, 47.45.302, 47.45.304, 47.45.306, 47.45.308, and 47.45.309 are repealed June 30, 2029 [2024]."

Renumber the following bill sections accordingly.

Page 2, lines 10 - 11:  
Delete all material.

Renumber the following bill section accordingly.

Representative Hannan OBJECTED.

Representative Stapp explained that conceptual Amendment 1 would reduce the 200 percent of the federal poverty limit to 150 percent. He stated that there were many reasons why he thought it was a wise decision, but he had questions for the department. He asked whether the department could determine how many new individuals would become eligible with the poverty limit increased.

12:06:04 PM

DEB ETHERIDGE, DIRECTOR, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH (DOH) (via teleconference), responded that projecting the number of individuals who would apply and take advantage of the SNAP program at 200 percent was complex. She discerned that approximately 11.5 percent of Alaskans were under 100 percent of the federal poverty level, and 13.6 percent were between 100 percent and 199 percent of the poverty level. She disclosed that the statistics were from the Kaiser Family Foundation in 2024. Representative Stapp asked if there was a specific number rather than a percentage she could offer. He calculated that it was roughly 10 thousand Alaskans. Ms. Etheridge answered that the number sounded correct. She added that the preliminary numbers of individuals in the SNAP program in March 2024 was 77,197. Representative Stapp thought that the asset test reduction was a good thing and it made the department's processing more efficient. He feared that there could be an increase of 10,000 applicants. He inquired as to how many applications were part of the department's second backlog. Ms. Etheridge replied that

[audio cut out] the backlog was "a little over 8,000" individuals but she was not the director at the time. Representative Stapp understood that the bill did not require the department to adopt the entire 200 percent of the poverty limit and had some discretion in the increase. He asked whether the department would set the eligibility at 200 percent if the the bill were to pass, Ms. Etheridge answered that the department would likely set the percentage at 200 percent of the federal poverty limit. She indicated that there were proposed regulations for TANF Temporary Assistance for Needy Families that would require SNAP at 200 percent FPL. The department would not want to duplicate work if it could be prevented. She voiced that the decision was up to the will of the committee. Representative Stapp relayed that he was aware that the department would increase the limit to 200 percent. He asked if the bill were to pass whether there was confidence that there would not be another backlog in the following year. Ms. Etheridge answered that she would adopt measures to avoid a backlog by taking a phased approach to implementation. Representative Stapp thought that 150 percent was a good start for implementation and yielded for questions from the committee.

[12:11:00 PM](#)

Representative Hannan cited the statistic that 13.6 percent of Alaskans were between 100 percent and 199 percent of FPL. She asked whether she was correct. Ms. Etheridge replied in the affirmative. Representative Hannan calculated that out of the 13 percent eligible Alaskans some were already eligible and or receiving the benefit because they were between 100 percent and 130 percent of the poverty guidelines. Ms. Etheridge responded in the affirmative. Representative Hannan was in opposition to conceptual amendment 2. She believed that a 20 percent addition was not enough and if the TANF program mandated 200 percent FPL it would create eligibility requirements in two different programming levels with two different evaluations; SNAP at 150 percent and TANF at 200 percent.

[12:13:01 PM](#)

Representative Josephson recalled that HB 196 had one fiscal note that would cost the state's treasury \$69 thousand. He asked if the amount would help more than 10 thousand more Alaskans pay for food. Ms. Etheridge

responded that the amendment would require an additional fiscal note from the division. Representative Josephson believed that there was only one fiscal note for HB 196. He asked if there was an additional expense if the amendment merged into the senior benefits bill other than what was contained in the fiscal note. Ms. Etheridge responded that the senior benefits bill, SB 170 had a fiscal note and the broad-based categorical eligibility had two separate fiscal notes. She disclosed that the department had prepared fiscal notes in the event that the amendment was adopted; they were largely identical to the original fiscal notes for HB 196. Representative Josephson noted that SB 170 had two fiscal notes that totaled approximately \$140 thousand combined. He asked if the state spent \$140 thousand, could it assist in feeding 10 thousand more Alaskans. Ms. Etheridge responded in the affirmative.

Representative Galvin recalled that many other states were at 200 percent of the poverty level and asked for the exact number of states. Ms. Etheridge responded that the statistics came from the sponsor of the bill and she offered to follow up.

[12:17:22 PM](#)

REPRESENTATIVE GENEVIEVE MINA, SPONSOR, answered that there were approximately 25 states at 200 percent of poverty level and listed the name of each state.

Representative Galvin understood that the funding was from federal dollars. She asked if there was some portion of the funding that paid for the administration of the program. Ms. Etheridge affirmed that the food stamps benefits were federal pass through funds and additional administrative costs were included in the attached fiscal note.

Representative Cronk worried about receiving a lot of phone calls regarding a SNAP backlog if the program was not phased in. He was concerned that it was a set up for failure. He favored Representative Stapp's amendment.

Representative Stapp provided wrap up comments. He was offering the amendment because he felt it was unwise that once the department cleared the SNAP backlog it "created a backlog for Medicaid and a half dozen other programs." He worried about creating backlogs and believed that at 200 percent FPL it would create another SNAP backlog.

12:21:12 PM

AT EASE

12:21:29 PM

RECONVENED

Co-Chair Foster indicated that the motion was to adopt Conceptual Amendment 1 for Amendment 2 and asked if the objection was maintained.

Representative Hannan maintained the objection.

12:21:51 PM

A roll call vote was taken on the motion.

IN FAVOR: Cronk, Stapp, Tomaszewski, Coulombe

OPPOSED: Hannan, Josephson, Galvin, Ortiz, Edgmon, Foster

The MOTION FAILED (4/6).

12:22:40 PM

Representative Stapp asked whether the sponsor of Amendment 2 checked with Legislative Legal Services regarding compliance with the single subject rule. Representative Hannan replied that she did not receive a memo from the drafter regarding an issue with the single subject rule.

12:23:00 PM

Co-Chair Foster indicated that the motion was to adopt Amendment 2.

Representative Stapp maintained the objection.

A roll call vote was taken on the motion.

IN FAVOR: Hannan, Josephson, Galvin, Ortiz, Cronk, Edgmon, Foster

OPPOSED: Stapp, Tomaszewski, Coulombe

The MOTION PASSED (7/3).

[12:23:57 PM](#)

Co-Chair Edgmon Co-Chair Edgmon MOVED to REPORT SB 170 out of committee with individual recommendations and the accompanying and forthcoming fiscal notes and allow Legislative Legal Services the authority to make technical and conforming changes.

[12:25:10 PM](#)

Representative Stapp OBJECTED for discussion. He hoped he would be wrong a year from now, but in the event that there was another SNAP backlog it would be unfortunate.

Representative Stapp WITHDREW the objection.

There being no further objection, it was so ordered.

HCS CSSB 170 (FIN) was REPORTED out of committee with eight "do pass" recommendations and two "amend" recommendations and with two new fiscal impact notes from the Department of Health and one previously published fiscal impact note: FN1 (DOH).

[12:26:34 PM](#)

#sb259

CS FOR SENATE BILL NO. 259 (FIN)

"An Act relating to the compensation of state employees; relating to the salary of the chief administrative law judge; and providing for an effective date."

[12:27:09 PM](#)

SENATOR ELVI GRAY-JACKSON, SPONSOR, explained that SB 259 was a technical cleanup bill unanimously approved by Legislative Council on February 28, 2024, to be introduced as a committee bill. She delineated that HB 226 (Pay Increases For Certain State Employees, Chapter 50 SLA 22, 08/01/22) passed in 2022, sponsored by Representative Andy Josephson and included an amendment by the former Representative Steve Thompson. The amendment granted certain state employees not covered by a bargaining unit to receive salary adjustments in line with the Supervisory Bargaining Unit's negotiated agreement. Unfortunately, the

Department of Law (DOL) argued that the bill language did not allow the Department of Administration (DOA) to implement the salary changes for 2,800 exempt and partially exempt employees across the legislative, executive, and judicial branches. She noted the legal memo from Legislative Legal Services dated March 4, 2024 (copy on file) was included in member's bill packets. Senate Bill 259 clarified and confirmed the original intent by providing clear authority to DOA to adjust salaries as intended. The legislation amended AS 39.27.011(m) to ensure the salary adjustments would happen without legislative intervention.

She continued that some substantial changes were made in the Senate Finance Committee: retroactive pay provisions were removed that eliminated the need for supplemental funding. Additionally, the bill included a section that removed the existing salary cap on the pay scale of the Chief Administrative Law Judge. She furthered that the adjustment was necessary in order to attract and retain qualified individuals. She informed the committee that there was a letter of support from the DOA commissioner [Commissioner Paula Vrana]. She shared that recently, the supervisory bargain unit reached an agreement with the state. She indicated that based on the agreement the Office of Management and Budget (OMB) included a new fiscal note. She concluded that the bill fulfilled a commitment the legislature made to state employees and the bill "stood as a testament to fairness and equity" and reflected appreciation for their service to the state. She listed the invited testifiers available to answer questions.

[12:30:48 PM](#)

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

[12:31:54 PM](#)

LAURA B. TIMKO, CHIEF POLICY ANALYST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, explained the OMB fiscal impact for all branches of government [Various] and all fund sources. The fiscal note total was \$22.220.9 million, which was broken down on the analysis on the second page.

Co-Chair Foster indicated that there was an amendment to the bill.

[12:34:40 PM](#)

Co-Chair Foster MOVED Amendment 1.

Representative Cronk OBJECTED for discussion.

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, explained Amendment 1 was sponsored by Co-Chair Foster. He communicated that the amendment identified as 33-LS1475\R.1 better reflected the final agreement that was accepted by the Supervisory Unit. The bill was written before the negotiations were completed. The unit included a step increase for its employees, but due to the difficulty of translating the increase into the same amount of increase for the exempt employees an amendment was necessary. The amendment calculated a 3.38 percent increase that reflected the step increase received by the Supervisory Unit employees. The current bill reflected a 5 percent increase on July 1, 2024. On July 8, 2024 the step increase would be implemented as per Amendment 1. In addition, subsection (o) and subsection (p) included the negotiated increases in 2025 and 2026. He summarized that the Supervisory Unit agreement was reflected as closely as possible in the bill with the adoption of Amendment 1.

Co-Chair Foster felt that Amendment 1 was a technical amendment but also substantive.

[12:37:48 PM](#)

PAUL LABOLLE, STAFF, REPRESENTATIVE NEAL FOSTER, summarized that the amendment mirrored the final negotiation of the Supervisory Unit agreement, and the substantive effect was the 3.38 percent step increase. He elaborated that historically, the exempt employees did not participate in contract negotiations and salary adjustments had to be handled through legislation that was typically based on the Supervisory Unit negotiated agreement.

Representative Coulombe asked for clarity regarding the total wage increase.

Mr. Anderson responded that the overall increase would be an 8.3 percent increase calculated by the 5 percent

included in the original bill and the step increase of 3.3 percent.

Mr. Labolle clarified the difference between a step and range increase. He explained that a range increase was in the underlying bill and the step increase was in the amendment.

Senator Gray Jackson stated her support for the amendment.

Representative Cronk REMOVED his objection.

There being no objection, Amendment 1 was adopted.

[12:40:29 PM](#)

Co-Chair Edgmon MOVED to REPORT HCS CSSB 259(FIN) out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

HCS CSSB 259(FIN) was REPORTED out of committee with ten "do pass" recommendations and with one new indeterminate fiscal note from the Office of the Governor for Various.

[12:41:03 PM](#)

Senator Gray Jackson thanked the committee.

Co-Chair Foster recessed the meeting to the following day at 9:00 a.m.

[12:41:26 PM](#)

RECESSED