

HOUSE FINANCE COMMITTEE
April 3, 2025
9:06 a.m.

9:06:34 AM

CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative Nellie Unangiq Jimmie
Representative DeLena Johnson
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

SUMMARY

HB 53 APPROP: OPERATING BUDGET; CAP; SUPP

HB 53 was HEARD and HELD in committee for further consideration.

HB 54 APPROP: CAPITAL/SUPPLEMENTAL/FUNDS

HB 54 was SCHEDULED but not HEARD.

HB 55 APPROP: MENTAL HEALTH BUDGET

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

Co-Chair Josephson reviewed the meeting agenda. The committee would continue to take up operating budget amendments.

#hb53

#hb55

HOUSE BILL NO. 53

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

HOUSE BILL NO. 55

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

[9:07:12 AM](#)

Co-Chair Schrage MOVED to ADOPT Amendment 15 (copy on file):

Agency: Administration
Appropriation: Centralized Admin. Services
Allocation: Retirement and Benefits

Transaction Details
Title: Delete Previously Added Retirement Tech 2
Position
Section: Section 1
Type: Dec

Line Items (Amounts are in thousands)
Personal Services: -93.6
Travel: 0.0
Services: 0.0
Commodities: 0.0
Capital Outlay: 0.0
Grants: 0.0
Miscellaneous: 0.0

Total: -93.6

Positions

Permanent Full-Time: 0

Permanent Part-Time: 0

Temporary: 0

Funding (Amounts are in thousands)

1004 Gen Fund -3.1

1017 Group Ben -29.8

1023 FICA Acct -0.9

1029 PERS Trust -42.0

1034 Teach Ret -16.1

1042 Jud Retire -0.5

1045 Nat Guard -1.2

Explanation

The subcommittee, after hearing about the intensive workload of the Division of Retirement and Benefits, added a Tech 2 Position to provide assistance during peak processing times and allow for better workload distribution. The department did not request this addition.

Representative Stapp OBJECTED.

Co-Chair Schrage explained that the amendment would delete a previously added retirement 2 technician. He detailed that during the summer, retirement technicians processed many retirement forms as a result of teachers retiring and otherwise. The position was added during the subcommittee process to try to cut down on processing times. The amendment was in recognition of the state's fiscal situation. He remarked that while the position had a very small unrestricted general fund (UGF) impact, he was proposing to remove the addition in order to match the state's fiscal reality.

Representative Stapp remarked that the fund sources for the position were varied. He asked if the amounts defaulted back into the original fund sources or if they flowed into the general fund.

Co-Chair Schrage responded that the funding would flow back into the original fund sources. He detailed that because the position was utilized to process retirements, it was funded with various retirement accounts. There were

constraints on what the funds could be used for, and they would not flow back into UGF.

9:08:57 AM

Representative Bynum stated his understanding the position had been added because there was a need within the department [Department of Administration (DOA), Division of Retirement and Benefits] to deal with personnel issues, specifically retirement and benefits. He did not want to interrupt retirement and benefits services. He remarked that the legislature continually talked about having struggles with personnel and personnel management throughout the state. He believed the item had been added in the first committee substitute [for HB 53]. He understood there was a massive fiscal pressure on the state. He wanted to understand how the removal of the position would impact operations. Additionally, he wondered why it would be removed after the committee had added it.

Representative Johnson highlighted that the last line of the amendment explanation specified that the department did not ask for the addition; therefore, she was comfortable removing it. She assumed the department would have requested the position if it was needed.

Co-Chair Schrage agreed with Representative Johnson. He confirmed that the position was not requested by the administration. The department had testified in committee that it was able to handle the workload, but processing times were sometimes up to three months. The committee decided prior to the spring revenue forecast [from the Department of Revenue], considering the very small amount of UGF required, there would be value in adding the position to try to cut processing times down. He reiterated that the department told the committee it could handle the current workload with existing staff. He felt that given the state's worsening fiscal position, he felt it appropriate to remove the addition made by the subcommittee.

Representative Tomaszewski asked who added the position. He shared that during his time in the legislature over the past two years he had received several calls from individuals who had retired and were waiting for their benefits. He thought the position was perhaps an intent to speed the process up. He remarked that once a person

retired and their paychecks stopped there was a lag before the individual began receiving benefits. He noted that it could make people justifiably frustrated. He asked for more clarification on the reason for adding the position to the budget.

Co-Chair Schrage replied that he had also heard the concern from retirees in the past. He relayed that the department had testified to the committee that it could handle the current workload and the three-month wait was somewhat in line with waits in other states. He acknowledged that the process was faster in some states and about the same in others. He stated that as a fiscal conservative, he thought the state needed to live within its means with the new revenue forecast. He would like to reduce the processing time and lag time for retirees, but he did not think the state could afford it currently. He thought many of his constituents who were retirees would prefer to wait a couple of extra weeks and see the \$93,000 go to the Base Student Allocation (BSA) instead.

Representative Tomaszewski asked if the subcommittee had been told employees should expect a lag of a couple weeks or three-months. He asked if individuals received the information prior to retirement. He wondered if there was any discussion on starting paperwork sooner in order to prevent a lag. He was uncertain of the process.

Co-Chair Schrage answered that part of the issue was that individuals were retiring at the end of the school year and there was a large volume of retirements at one time due to their cyclical nature. Some individuals were caught off guard but most people planning for retirement had heard of the wait times from other retiring colleagues. He had not done a survey of all prospective retirees to determine their awareness.

[9:14:24 AM](#)

Representative Allard shared that she had been in the committee meeting, and it was clear that the department needed another person. She explained that it took the department six to nine weeks to process retirements because the process was still done on paper and nothing was saved on the computer; therefore, it took a long time. She noted that the director had told the committee the department wanted another position. She found that the department

processed retirements pretty well and the time frame lagged a little bit after the school year because teachers started retiring at that time. She stated that the current topic was unrelated to being a fiscal conservative. She believed deleting the position would cost more in the long term because retirees were not being processed accordingly. She did not think it was fair and she supported maintaining the position because teachers' retirements should be processed in a timely fashion. She added that existing employees would be working overtime to process retirements, but adding another position would help prevent overtime.

Representative Hannan would support the amendment. She reminded committee members that if the position were funded, the department could not start processing and hiring until July 1. She stated the problem was that the bulk of teachers gave retirement notice in spring and the Division of Retirement and Benefits started processing the retirements on July 1. She stated that teacher retirees were advised - long before they filed their retirement paperwork to go to an advisee - that their first check was in September. She stated that in 2024, many legislators heard from constituents that checks were not coming until November. She believed most legislators had heard from constituents that they were prepared for a lag but not a lag of five months without a retirement check. She thought the department should have heard legislators loud and clear from inquiries, and during the subcommittee process the department said it had stepped up. She pointed out that the funding would not resolve the situation for the upcoming retirement cycle because the department would not be able to start advertising for a new position until July 1. She stated that if the department had not anticipated a surge in retirement in the coming summer and there was another major fumble, there would be another discussion during the subcommittee process the following year. She added that retirees were due their money and the department said it would be able to handle it better.

[9:18:52 AM](#)

Representative Bynum stated he did not want to impugn anyone, but he did not know how many legislators had employed people and dealt with transitioning employees into retirement and not allowed them to get a check for three months. He underscored it was a very stressful situation for someone making a life change. He understood the need

for fiscal restraint but stressed that they were talking about \$3,100 in UGF, while most of the position was paid via other mechanisms. He remarked that the legislature talked about wanting to make sure it was funding other things like the BSA, which was all coming out of UGF. He highlighted that DOA came to the committee with a funding request for AI tools to create efficiencies and create better communications, but the committee had denied the request. He stated that people were needed to help progress retirement processing for \$3,000 UGF and now the committee was saying there needed to be fiscal constrained and it was okay for retirees to wait. He was torn on whether he wanted to support the amendment.

Representative Johnson remarked that she had started out saying she would support the amendment, but the conversation had convinced her otherwise. She did not think about it being attached to the BSA when she had been talking about it earlier; however, if the legislature was going to start "robbing Peter to pay Paul" to increase the BSA, she thought it was dangerous. She had heard a lot about people wanting to make sure they were getting their money because without SBS, teachers were struggling when they entered the gray area. She reasoned the UGF amount [used to fund the position] was so little, it made no sense to her not to fund it.

Representative Galvin would support the amendment because the department had not requested the position. She stated that generally when a department did not ask for help, it would not run to hire someone in time to get the ultimate goal met. She stated the department had worked it in another direction and she was grateful for that.

Co-Chair Schrage appreciated the discussion on the amendment. He relayed that the amendment was an effort to restrain some of the action taken by subcommittees and tried to be consistent in how the budget was approached in the full finance committee. He recognized the portion coming from the general fund was limited, but he stated it also impacted the Public Employees' Retirement System (PERS) trust and some of the other retirement accounts. He believed the amendment ensured the state was not spending more than it needed to regardless of the fund source. He had concern for retirees as they made the transition [from work to retirement], but the department had told the committee that wait times were in line with what was to be

expected for retirement accounts. Additionally, the department did not request the position. He pointed out that there was a lag time of when the department would be able to hire a person to fill the position. He stated the amendment was another opportunity to restrain growth in government in a year where revenues were constrained. He remarked that some may tie it to the BSA, some may tie it to the PFD [Permanent Fund Dividend], and some may tie it to any of the other appropriations made as a state. He noted the state had limited resources and he believed it was necessary to look for every opportunity to prioritize what was most important. He thought it was a reasonable approach in the current year to keep the wait time for retirement and benefits at an industry norm.

[9:23:43 AM](#)

A roll call vote was taken on the motion.

IN FAVOR: Hannan, Jimmie, Galvin, Foster, Schrage, Josephson

OPPOSED: Johnson, Stapp, Allard, Bynum, Tomaszewski

The motion PASSED (6/5). There being NO further OBJECTION, Amendment 15 was ADOPTED.

[9:24:41 AM](#)

Co-Chair Josephson reviewed the schedule for the afternoon meeting.

Representative Johnson asked if there would be a meeting on Friday.

Co-Chair Josephson answered there was no meeting scheduled for the following morning, but there was a meeting scheduled in the afternoon.

HB 53 was HEARD and HELD in committee for further consideration.

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

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ADJOURNMENT

9:26:09 AM

The meeting was adjourned at 9:26 a.m.