

COMMENTS TO THE ALASKA HOUSE OF REPRESENTATIVES FINANCE COMMITTEE, MARCH 1, 2016
AND IN WRITING TO THE SENATE FINANCE COMMITTEE, MARCH 8, 2016

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Hello. I am Pat Ivey, a 40 year resident of Fairbanks, a retiree and an undeclared super voter. I you today to speak on behalf of the Alaska's university, its youth and its seniors. I represent no group or entity today. My comments are entirely my own.

REQUESTS

IN SUMMARY:

- Restore the \$35 million cut to the University of Alaska budget (House Finance version). There is no way the university can absorb cuts of this magnitude in so short a time without declaring financial exigency and thus losing all of its federal funding also. Alaska already leads the rush to the bottom in terms of state support for higher education. The University of Alaska is a land, sea and space grant institution established and governed by many laws relating to its status. Cuts of this magnitude prohibit the university from carrying out mandates and its ability to serve Alaskans.
- Restore the \$19 million to the Department of Health and Social Services budget for senior programs. Seniors are the fastest growing population within Alaska, figures not driven by seniors coming in from outside (less than 2%), but by seniors who were born here or came young, have worked, contributed to the economy and aged here and have no intention of leaving in their lifetimes.
- Restore funding to the Department of Health and Social Services budget for youth services. Alaska ranks 42nd in terms of support for youth below the poverty line. Don't further exacerbate K-12 school dropout rates caused by kids not being able to concentrate because they are homeless and/or starving.
- Fund the FY2017 operating budget out of the constitutional budget reserve fund (CBRF) if we don't have enough money in the general fund. That's what the CBRF was created for and right now contains \$8.69 BILLION. It will give us a softer landing rather than certain death at the bottom of the current bust cycle by allowing us time to do intelligently what we should have done after the 1980s recession—diversify our economy, protect our most vulnerable populations, and compete successfully in the state, national and world market.
- Before the end of the regular session, pass the operating and capital budgets and the vote to use the CBRF. Special sessions are costly.

FURTHER DISCUSSION

FUNDING SOURCES

The CBRF is the only way to go in this legislative session. It takes more time than available to reinstate state taxes, put the infrastructure in place and begin receiving the revenue to help us now. Capping the permanent fund dividends and diverting the leftover permanent fund interest to the general fund will probably also be necessary, but my guess is nobody is going to try that in an election year. But we can start now to diversify so we begin to receive general fund revenues from non-oil revenue sources before

we run out of the CBRF. And we can reinstate the state income tax to start generating revenue by 2018 to include wages of people who work in Alaska and live elsewhere.

THE UNIVERSITY

Federal funding is the major contributor to university research. A significant component of Fed decisions to fund university research depends on the amount of state support for its university. Very often, federal funds are matched by rapidly disappearing state funds. No state funds, no matching fed funds, a double whammy.

University research produces data vital to the conduct of our lives and our industries— witness climate, housing, agriculture, engineering and marine research. Brings dollars into the state. For every one dollar of research funds, four dollars goes into Alaska's economy.

Cooperative Extension, takes the research data, translates it into ways we can apply to our lives and industries for our own self-sustainability, and works with us to make that happen. We better ourselves and contribute further to our economy as a result. Win-win.

Fire science produces trained personnel to predict, control and fight fires. Given higher than normal temperatures and reduced snow cover this winter, we are going to need all the help we can get. The University of Alaska has never been, and will never be, able to sustain itself without state support. The university is a land grant university but never received the lands necessary to sustain itself.

Former university president Mark Hamilton led the charge for nearly a decade to get us to diversify our economy to offset a crash in oil revenues. If any diversification occurred since then, nothing resulted to significantly add to the state's treasury, despite all university efforts. Former president Patrick Gamble, Hamilton's successor, saw that, looked at the continuing downturn in state funding, and led a massive strategic planning effort to get the university into position to handle budget reductions. President Johnson got here just in time for the hangover and thank heaven, he had worked for President Hamilton before so had previous university experience.

But God himself could not have imagined the cuts proposed by the 2016 legislature.

When cuts of this magnitude were imminent in the 1980s, the university was forced to declare its intention to declare financial exigency. Thankfully, the state pulled back from the edge, and the university was able to proceed to restructure without financial exigency. Financial exigency would lose UA all of its federal funding—ALL OF IT—and most likely most of not all of its corporate and private funding. UA might not be there yet, but my guess is that it might be inevitable given the current path of this legislature.

Regarding the university's ability to teach students, degree programs will be cut according to President Johnson, but it takes time. The university is legally bound to provide the resources for students in declared degree programs to finish their degrees if they choose to stay here. Legally bound. At the least that would take a year or two, four at the max, to chop that program.

The university is like the largest seagoing vessel you can imagine. You cannot hit the brakes and stop it on a dime. It takes time to grind a university to a halt.

Meanwhile, if history repeats itself, UA's now uncertain future is bound to scare away federal, corporate and private sources of funding, marketable faculty are looking for positions elsewhere, and students are going to states where the degree outlook is more stable. Budget cuts of this severity devalue degrees.

Circumpolar shipping routes are about to open if they haven't already. Alaska is the only state IN THE NATION on that route but we have little or no infrastructure except Unalaska to participate and absent the university research to help make that happen in a sustainable manner, the entire nation loses out. Or the nation, not wanting to lose out, funnels billions of dollars to other universities to do the work on Alaska land and waterways and all the economic benefit is reaped elsewhere. Ditto climate change research funds. Our coastlines are eroding daily. Alaska is warming faster than anywhere else. The first large fire occurred in Delta Junction in February and it rained last week in Denali. IN FEBRUARY!

According to the American Council on Education, Alaska is leading the charge to the bottom in terms of state support for higher education, predicting that at the rate the trend is going, Alaska's state support for higher education will reach zero by 2025. The University of Alaska cannot survive without state support.

ALASKA'S YOUTH AND SENIORS

Cuts to the Department of Health and Social Services jeopardizes Alaska's most vulnerable—it's youth and elders. Youth poverty levels are rising. Youth homelessness is rising. Services and facilities are outstripped by need. Those who need the help are the site bound. They cannot afford to leave the state else if they wanted to. Churches and nonprofit organizations strive to fill the gap but are running out of resources.

The elder population is rising exponentially. Massive attempts are underway to help seniors age safely at home, and yet homeless camps are also filled with seniors. The senior population at or below poverty level is rising. The number of seniors over 85 years old is rising exponentially. Assisted living facilities cannot keep up with demand and many seniors cannot pay the astronomical prices for those facilities anyway. Community senior centers provide meals on wheels to home bound seniors. In the Fairbanks area alone, the Fairbanks Senior Center will serve upwards of 50,000 meals on wheels and meals at the senior center in 2016 alone. This does not include all the educational programs and information distribution to keep seniors healthy, housed at home wherever possible, and safe. DHSS funds support to senior centers and youth programs through grants is vital to even begin meeting these demands. General relief, public assistance heating assistance, and the rest of the senior programs keeps elders at home and healthy for as long as possible so that our woefully inadequate number of assisted living facilities and nursing homes are not further overwhelmed. Homeless camps are full of seniors and youth now. I can't begin to imagine the economic impact of the DHSS cuts, other than to imagine our streets littered with the frozen bodies of the destitute.

RESTATE SUMMARY:

- Restore the \$35 million proposed cuts to the UA budget proposed by the House Finance Subcommittee
- Restore \$19 million funding to the Department of Health and Social Services for senior services.
- Restore funding to DHSS for youth services.
- Fund the operating budget out of the constitutional budget reserve if we don't have enough money in the general fund.
- Before the end of the regular session, pass the operating and capital budgets and the vote to use the CBRF. Special sessions are costly.

RESOURCES

Land grant university definition- https://en.wikipedia.org/wiki/Land-grant_university

Sea grant university definition - <http://seagrant.noaa.gov/whoweare.aspx>

Space grant university definition - https://en.wikipedia.org/wiki/National_Space_Grant_College_and_Fellowship_Program

State Support for Higher Education - Now <http://www.acenet.edu/the-presidency/columns-and-features/Pages/state-funding-a-race-to-the-bottom.aspx> and in the 1980s <http://files.eric.ed.gov/fulltext/ED311794.pdf>

Role of UA Research - <https://www.alaska.edu/files/state/2016-research-finalreview.pdf>

Arctic Priorities - <http://www.adn.com/article/20160228/interview-lt-gov-mallott-shares-arctic-priorities>

Climate change - <http://www3.epa.gov/climatechange/impacts/alaska.html> and <http://www.smithsonianmag.com/science-nature/barrow-alaska-ground-zero-for-climate-change-7553696/?no-ist>

Cooperative Extension Service - https://en.wikipedia.org/wiki/Alaska_Cooperative_Extension_Service

Youth statistics - <http://www.ktuu.com/news/news/report-childhood-poverty-rates-increasing-in-alaska/35426050> and http://www.homelesschildrenamerica.org/pdf/report_cards/long/ak_long.pdf

Aging Statistics - http://dhss.alaska.gov/acoa/Documents/ACoA_StatePlan_FY16-FY19.pdf and <https://www.caregiverlist.com/Alaska/DepartmentOnAging.aspx>

FY 2017 Budget and the Constitutional Budget Reserve -<http://www.legfin.state.ak.us/Other/SwissArmyKnife10.pdf> page 26, and <http://treasury.dor.alaska.gov/Investments/Constitutional-Budget-Reserve.aspx> and <http://www.legfin.akleg.gov/BudgetReports/LY2016/Operating/HouseSubNumbers/UOA-Narrative.pdf> and http://www.newsminer.com/news/alaska_news/budget-crisis-leads-to-possible-restructure-of-ua-system/article_9d61e928-c538-11e5-ba45-033c110d85f1.html and <http://www.alaska.edu/files/state/FY17-Budget-Data-Summary-FinalReview.pdf> and <http://www.alaska.edu/files/state/FY17-Budget-Data-Summary-FinalReview.pdf> and <http://www.legfin.state.ak.us/BudgetReports/LY2016/Operating/SenateFinance/2016-AgencySummary.pdf>