

HB 57
OPPERATING BUDGET
OPPOSING
DOCUMENTS

March 6, 2017

#124

Linda Bamford

Issue: Cuts not spending

Hello,

I want to express to you on the house finance committee that you need to make more cuts in state government. You need to stop taking out of the earnings reserve account. You need to cut the budget. You need to leave your hands off of the AK PFD.

I am a voting member of this state and I will closely examine what each and everyone of you are doing and express myself in the next election.

MAKE CUTS IN SPENDING.

Linda S. Bamford

#125

Michael T. Sabol

Wasilla, AK

Issue: PFD, Shift to munis, Cuts

Please do not vote for:

1. Income tax
2. Shifting the inflated educational funding to the boroughs and thereby increasing property taxes
3. Using the PFD to make up for budgetary gaps

Please look at:

1. How the university system is funded/organized and work to streamline
2. How medicaid is fully funded - look at the level of funding provided in other states
3. How school districts are using their money...how top-heavy are they?
3. Fraud, waste, and abuse

Please do not "pass bills to find out what's in them" a.k.a the Nancy Pelosi method of governing

Thank you for your time,

Michael T. Sabol

#126

Jeanne Sande

Issue: PFD

I urge all lawmakers to not raid the permanent fund to pay for governmental spending and jeopardize the permanent fund. I do not feel we can cut our current spending much more and maintain the quality of life necessary in Alaska to live in Alaska. I favor the use of income taxes to raise money from all who are using Alaskan resources and taking the profits out of state. We who gain from jobs in Alaska need to pay for the costs of us doing business in Alaska ie. Oil workers, miners, fisherpersons.

Jeanne Sande

Before the House Finance Committee
Public Hearing on HB 57
APPROP: OPERATING BUDGET/LOANS/FUNDS

Written Testimony of Brad Keithley
Alaskans for Sustainable Budgets

My name is Brad Keithley, I am the Founder of Alaskans for Sustainable Budgets, a now half-decade old effort focused on the development of long-term, sustainable fiscal and economic policies for Alaska. These written comments on HB 57, the Operating Budget Appropriations currently pending before the House Finance Committee, are submitted as part of that effort.

Alaska is currently in an economic recession. We believe consideration of that fact should drive the evaluation this session of every bill touching on the state's economy. Things that adversely affect the state's overall economic situation -- or unfairly treat some Alaskans economically compared with others -- should either be amended to avoid those effects or rejected.

HB 57 certainly is one of those bills that touch on the state's economy.

For the reasons explained below, we believe that, in its current form, HB 57 both worsens Alaska's overall economic situation and unfairly treats some Alaskans. In other words, we believe that HB 57 worsens the recession for both Alaska and Alaskans.

In order to avoid those effects, we believe that HB 57 should be amended in certain respects.

The purpose of these comments is to explain why and discuss how to reverse those effects. Our comments focus on three elements of the bill:

- The proposed PFD cut,
- The proposed use of Permanent Fund earnings and withdrawal of additional funds from the Earnings Reserve Account (ERA), and
- The proposed overall spending level.

The Proposed PFD cut

By cutting the PFD from the levels otherwise established by AS 37.13.145(b), HB 57 will adversely affect Alaska's overall economy in at least three ways. *First*, it will reduce

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overall Alaska state income. *Second*, it will significantly increase state poverty levels. And *third*, it will significantly increase the disparity in incomes between highest and lowest income Alaskans. In other words, it will make the richest Alaskans relatively richer (compared to middle and lower income Alaskans), and both absolutely and relatively, make the lowest income Alaskans poorer.

In short, it will both worsen Alaska's overall economic situation and unfairly treat some Alaskans.

Some argue that, combined with other steps proposed in HB 115, a companion change in state fiscal policy, the PFD cuts reflected in HB 57 will help maintain some jobs that otherwise might be lost. When viewed in isolation that fact is somewhat true, although not nearly to the extent some have claimed. More importantly, however in context that single effect does not offset the damage being done by the bill to the state's overall economy in terms of reduced overall income, or to Alaskans in terms of increased poverty rates and income disparity.

The effect of the PFD cuts contained in HB 57, combined with the other steps proposed in HB 115 on the overall Alaska economy can be analyzed using the factors contained in reports published by the University of Alaska-Anchorage's Institute of Social and Economic Research (ISER) in March and October of last year. Using these factors, it becomes clear that while the PFD cuts contained in HB 57 and other portions of HB 115 may save approximately 4,000 net jobs, that will come at the expense of:

- A *reduction* of roughly \$250 million in overall state income,
- An *increase* of 8,000 in Alaska state poverty levels (roughly double the number of jobs saved), and
- A *substantial increase* in income disparity between higher and lower income Alaskans (the bill reduces the discretionary income of the lowest 10% of Alaska households (by income) by more than 13%, while reducing the discretionary income of the highest 10% of Alaska households (by income), even after accounting for the income tax component of HB 115, by only about 4.7%-almost a third less).¹

¹ The details of the analysis are available at *Comparing the impact of SB 70 v. HB 115 on the overall Alaska economy*, <https://goo.gl/WpmOCI> (Feb. 27, 2017) (a copy of that analysis is also attached as Appendix A to this testimony).

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As long-time Alaska economist Gregg Erickson correctly summarized the effect in a recent commentary in the *Alaska Dispatch News*,

Extracting a piece of the Permanent Fund dividend from household income has accelerated the recession in the worst possible way. As a University of Alaska Anchorage Institute of Social and Economic Research analysis explained last year, extracting the money in any alternative would have produced less drag on the economy, and less human misery.

Erickson, *Focus on Alaska budget misses the point*, <https://goo.gl/EI859M> (Feb. 27, 2017).

To overcome these effects -- and avoid HB 57 from making the state's overall economic recession worse and treating some Alaskans unfairly -- the reductions in the PFD from the levels provided in AS 37.13.145(b) should be reversed, and the amount appropriated for the PFD set at the resulting statutory level provided under current law.

The Proposed Use of Permanent Fund earnings and withdrawing additional funds from the ERA

As we have previously written, we strongly support implementing former Governor Jay Hammond's vision in establishing the Permanent Fund. Here is what Governor Hammond said in [*Diapering the Devil*](#):

I wanted to transform oil wells pumping oil for a finite period into money wells pumping money for infinity. ...[Once the "money wells" were pumping] each year one-half of the account's earnings would be dispersed among Alaska residents The other half of the earnings could be used for essential government services.

A detailed explanation of why we support such an approach is at *Fully implementing Governor Hammond's 50/50 plan (or, how to find another \$1.5 billion in annual revenue without PFD cuts and taxes)*, <https://goo.gl/7Ct885> (Oct. 31, 2016).

We believe, at a broad level, HB 57 does the right thing by starting to use a portion of the Permanent Fund earnings stream -- in Hammond's words, the money from "money

Written testimony on HB 57

wells" -- to help pay for "essential government services."

In our view, however, HB 57 goes too far by changing the share of Permanent Fund earnings between "Alaska residents" and "essential government services" from the "one-half" and "other half" (in other words, 50/50) envisioned by Governor Hammond, to one-third for "Alaska residents" and two-thirds for government.

As we explained in the previous section, by overreaching the approach reflected in HB 57 reduces overall state income and significantly increases both poverty levels and income disparity. In doing so it *worsens the recession and its impact on Alaskans*. In Gregg Erickson's words, it increases the "drag" on the Alaska economy and increases the "human misery" caused by it.

While we support using, in Governor Hammond's words, the "other half" of Permanent Fund earnings to help fund "essential government services," we strongly oppose directing more than 50% to government. Instead, we believe that the draw on earnings reflected in HB 57 used for government should be reduced to an amount, at most, equal to 50% of the draw; the remaining 50% should continue to go to the PFD.

We also oppose the portion of HB 57 that draws more from the ERA than the amount necessary to fund the PFD and the "other half" to be used for essential government services.

As we understand it, HB 57 proposes to transfer approximately \$4.2 billion out of the ERA to various accounts in the general fund. Of that, \$793 million is for the purpose of funding the PFD "and for administrative and associated costs." Of the remainder, \$3.3 is for other purposes which, using Governor Hammond's terminology, relate to "essential government services." The remaining \$120 million is to be reinvested in the Permanent Fund principal.

The amounts contained in the ERA are managed by the Permanent Fund Corporation (PFC) to generate a return. The amounts appropriated to the general fund not immediately spent are managed by the Department of Revenue. The Department of Revenue also manages the Constitutional Budget Reserve (the "CBR").

The returns on the amounts managed by the PFC are significantly greater than those

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earned on the funds managed by the Department of Revenue. *As a result transferring money from the ERA to the general fund in advance of the time it is spent, or drawing funds from the ERA instead of the CSR, costs Alaska and Alaskans money by resulting in a lower return.*

We believe the amount transferred from the ERA should be limited to the amount necessary to implement Governor Hammond's 50/50 vision. In their most recent (January 2017) "[Financial History & Projections](#)," the PFC estimates the amount required to fund the PFD for FY 2018 under current law is \$1.54 billion. Assuming HB 57 and 115 are amended to continue the PFD at the level provided under current law, that means the amount transferred from the ERA should be limited to \$3.08 billion, divided equally between the PFD (\$1.54 billion) and an amount to be used to help fund "essential government services" (\$1.54 billion).

If the portion of the draw is limited as provided in the current version of HB 115 to 4.75% of the amount managed by the PFC, that means the amount transferred from the ERA should be limited to roughly \$2.285 billion, divided equally between the PFD (\$1.14 billion) and an amount to be used to help fund "essential government services" (\$1.14 billion).

Transferring money from a higher return earning account to a lower return earning account costs Alaskans money. Especially during a period when the government is otherwise facing a severe revenue squeeze, that is a result that the legislature should be striving to avoid, not voluntarily adopting.

Proposed Overall Spending Levels

We have long urged the implementation of the "original" sustainable budget approach developed by UAA Professor Emeritus and former ISER Director Scott Goldsmith in setting overall Alaska government spending levels. For a discussion of our reasoning that predates the state's current fiscal crisis, see *The Urgent Need for a Sustainable Alaska Budget*, <https://goo.gl/jjVtQK> (Jan. 25, 2015).

We have continued to urge the adoption of that approach even as the state's fiscal situation has deteriorated. The reason is made clear by the reports published by ISER in March and October last year which we discuss in the first section of these comments.

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To varying degrees, other approaches that depend on transfers from the state's private economic channel to government through PFD cuts or taxes have a significant adverse effect on the overall state economy and in some instances, unfairly treat some Alaskans significantly. We have continued to urge the adoption of the sustainable budget approach, especially as we have seen the state's current recession approach, because it helps to avoid, or at least soften, those impacts, better positioning the state to ride through the adverse effects of an economic downturn.

Late last year we took the time to calculate Alaska's long term, sustainable budget level based on current, reasonable estimates of future revenue levels. The results are published at *Finding Alaska's Future: The FY 2018 Sustainable Budget*, <https://goo.gl/bv5hJH> (Oct 23, 2016). For the reasons explained in that analysis, we conclude that the long-term sustainable UGF spending level (combined capital and operating) is around \$4 billion.

Unless the excess is funded by the current generation, spending more than that amount treats future Alaskans differently -- and worse -- than current Alaskans. Raising revenues from the current generation in order to fund the excess, however, hurts the current generation as well, depending on how it is done, by reducing overall state income to some degree, and if done in whole or in part through PFD cuts, increasing poverty and income disparity levels.

To avoid those effects -- which we see as undermining the long term health of the state's overall economy -- we have continued to urge that Alaska state spending be reduced to and thereafter maintained at the long term sustainable budget level -- \$4 billion, adjusted thereafter for inflation and population growth. We do so again here in connection with these comments.

To accomplish that we urge the inclusion of an additional clause in HB 57 which provides that, upon the subsequent adoption of the capital budget, all FY 2018 UGF spending in the bill shall be reduced pro rata to the extent necessary so that the total FY 2018 UGF operating budget ultimately authorized is equal to the difference between the \$4 billion sustainable spending level and the amount of UGF spending authorized by the FY 2018 capital budget.

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Conclusion

For the reasons discussed above, we believe that, in its current form, HB 57 both worsens Alaska's overall economic situation and unfairly treats some Alaskans. In other words, we believe that HB 57 worsens the recession for both Alaska and Alaskans.

To eliminate those effects, we urge adoption of the changes to HB 57 we have outlined above.

APPENDIX A

Thoughts on Alaska Oil & Gas

News & Commentary on Alaska Oil, Gas & Fiscal Policy from Brad Keithley

Comparing the impact of SB 70 v. HB 115 on the overall Alaska economy ...

Posted on [February 27, 2017](#) | [Leave a comment](#) |

SB 70 Draw at 5.25 %		ISER Factors (Midpoint)		Effect on Poverty		Effect on ...					
	Income			Discretionary	Y Inc	Poverty Sector	Revenue	Income	Jobs	Dis Inc	Poverty
Spending Broad Based	1.06	1120					\$ 0.668	\$ 0.708	7,476		
PFD Cut \$ 1,023	1.40	725		3.3%		13,100	\$ 0.668	\$ 0.935	4,839	22.0%	13,807
Income Tax	1.31	665		0.8%							
Net								\$ (0.227)	2,637		13,807

HB 115 Draw at 4.75 %		ISER Factor (Midpoint)		Effect on Poverty		Effect on ...					
	Income	Jobs		Change in	Addition to	Gov't	Revenue	Income	Jobs	Dis Inc	Poverty
Spending Broad Based	1.06	1120		Discretionary	Below Line	Seator	\$ 0.968	\$ 1.026	10,845		
PFD Cut \$ 605	1.40	725		3.3%		13,100	\$ 0.398	\$ 0.555	2,858	13.1%	8,161
Income Tax	1.31	665		0.8%			\$ 0.570	\$ 0.747	3,791	4.3%	
Net								\$ (0.278)	4,167		8,161

Comparing the Impact of the "New Revenue" Provisions of SB 70 v. HB 115 (Beyond 50/50) on Overall Economy Using Factors from ISER March and October 2016 Studies (2.27.2017)					
(\$2.678/ (per \$100 million) Job<		Change in	Addition to	Private	Gov't
				Private	

Last Friday, the Alaska Senate Majority introduced SB 70, a new bill which proposes to address Alaska's fiscal situation. Like HB 115, the version being considered in the House, the Senate version relies heavily on cutting the Permanent Fund Dividend (PFD) in order to raise "new revenue." Unlike the House version, the Senate version does not also contain an income tax component.

Because no one else is, we have started scoring the effect of various fiscal proposals on the overall state economy. As we explained in a previous piece last week scoring HB 115 ("Scoring the effect of HB 115 on the overall Alaska economy", Feb. 20, 2017), we are doing so using the factors developed last year in two studies done by economists at the University of Alaska-Anchorage's Institute of Social and Economic Research (ISER).

Our basic methodology is described in the February 20th piece. It measures the effect on the *overall* Alaska economy of the proposal being scored in four areas: jobs, income, *poverty levels and income disparity*. Especially given that Alaska is in the midst of a recession, the purpose of the scoring is to determine whether the proposal moves the overall economy forward or backward.

As we have explained elsewhere, we believe that the most important measure of the impact is the effect of the proposal on overall state income ("Why we believe cutting the PFD has the largest adverse impact on the overall Alaska economy," Jan. 21, 2017). While some place a greater emphasis on jobs, in that piece we explain why we believe income is much the more important measure. ("Why? Because [income] is the more direct measure of the money circulating through the Alaska economy. While jobs measure the number of people employed, income measures the amount by which those and other activities translate into money entering and circulating in the economy, making the overall economy relatively stronger or weaker from a monetary standpoint.")

Also significant are the effects of the proposal on poverty levels and income disparity. In addition to increasing what long-time Alaska economist Gregg Erickson called in his op-ed piece over the weekend "human misery," ¹

pushing more Alaskans into poverty also has the real world effect of increasing state costs further at the very time we most need to be reducing them. Increasing income disparity—making higher income Alaskans relatively richer and middle and lower income Alaskans both relatively and absolutely poorer—also has significant adverse economic consequences. See "Income Inequality Hurts Economic Growth," Forbes, Dec. 9, 2014; "How inequality affects growth," The Economist, Jun. 15, 2015.

The scores for each of HB 115 and SB 70 are above. (The slight differences for HB 115 between those included above and those reflected in our previous analysis are the result of moving the comparison to FY 2019 in order to be able to do an apples-to-apples analysis between HB 115 and SB 70).

We have scored the effect on the overall economy of those portions of each bill that either take more than 50% of the Permanent Fund earnings stream for government (i.e., cut the PFD) or impose an income tax. Both HB 115 and SB 70 take more than 50% of the Permanent Fund earnings stream for government (HB 115 takes 67%, SB 70 takes 75%); HB 115 also imposes an income tax.

For purposes of analyzing the effect of the PFD cuts proposed by each, we have accepted the draw rate contained in each bill. For example, HB 115 uses a 4.75% draw rate in determining the level of earnings to be divided between government use and the PFD. According to the materials used to explain the bill, that is projected to produce an income stream of roughly \$2.39 B in FY 2019.

A 50/50 split of that would allocate \$1.2 billion to government and \$1.2 billion to the PFD. The bill, however, proposes to allocate \$1.6 billion to government and only \$800 million to the PFD. We have analyzed the effect on the overall economy of reducing the PFD by the difference (\$400 million).

For its part, SB 70 uses a 5.25% draw rate and a 75% (government) and 25% (PFD) split. According to the materials used to explain that bill, the 5.25% draw rate is projected to produce an income stream of roughly \$2.67 B in FY 2019. A 50/50 split of that would allocate \$1.335 B to government and \$1.335 B to the PFD. The bill, however, proposes to allocate \$2 B to government and only \$670 million to the PFD. We have analyzed the effect on the overall economy of reducing the PFD by the difference (\$670 million).

Using the draw rate contained in each bill results in estimating a significantly smaller impact than if we compared the reduced PFD level proposed by each to the PFD amount which the Permanent Fund Corporation currently estimates for FY 2019 under the current statutory method (\$1.53 B). As we have explained elsewhere, however, we believe shifting to a fixed draw is appropriate once the government starts drawing from the Permanent Fund earnings stream. While we believe the right draw rate is closer to 5% than either that proposed in the current Senate (5.25%) or House (4.75%) bills, using the numbers proposed in each bill is an acceptable way of estimating the impact of each.

Based on those criteria we estimate that while **HB 115** would save slightly more than 4,000 government-related jobs—the main benefit claimed by its supporters—at the same time it would **push nearly double that number of Alaskans (8,161) below the poverty line**. It also would result in a **reduction in overall state income** of over \$275 million and **a significant increase in income disparity between higher and lower income Alaskans** by reducing the discretionary income of the lowest 10% of Alaska households (by income) by more than 13%, but reducing the discretionary income of the highest 10% of Alaska households (by income), even after accounting for the income tax component of the bill, by only about 4.7%—almost a third less.

2

SB 70 is worse. It would result in saving fewer jobs than HB 115 (2,637 v. 4,167), but simultaneously **push substantially more Alaskans below the poverty line** (13,807 v. 8,161). Indeed, **under SB 70 the number of Alaskans pushed into poverty would be more than 5 times the number of jobs saved**.

And while SB 70 would result in a **slightly lower reduction in overall state income** than HB 115 (\$227 million v. \$278 million), it would **increase income disparity by significantly more**. Under SB 70, the discretionary income of the lowest 10% of Alaska households (by income) would fall more than 22% (v. 13% under HB 115), while the discretionary income of the highest 10% of Alaska households would drop by less than 0.7% (seven-tenths of 1%), a disparity between the two income groups of a staggering 3000+ %.

In short, based entirely on the numbers while HB 115 is very bad for the overall Alaska economy (lower income, significantly higher poverty and greater income disparity than under 50/50), SB 70 is an unmitigated disaster (lower income, staggeringly greater poverty and a huge increase in income disparity).

As long-time Alaska economist Gregg Erickson observed yesterday, "[e]xtracting a piece of the Permanent Fund dividend from household income [as the Governor did last year by using his veto power to cut the PFD in half] has accelerated the recession in the worst possible way. As a University of Alaska Anchorage Institute of Social and Economic Research analysis explained last year, extracting the money in any alternative would have produced less drag on the economy, and less human misery."

Rather than learn from that lesson, however, HB 115 doubles down-and SB 70 effectively quadruple downs-on that very, very bad bet. Both should be sent back to the drawing board and for the sake of the **overall** Alaska economy, when they emerge again, each should be based on preserving the 50/50 split envisioned, for good reason it turns out, from the outset of the Permanent Fund.

This post first appeared on *Alaskans for Sustainable Budgets*, a blog focused on News & Commentary on Alaska oil, gas & fiscal policy on national website *Medium*.

#128

Margo Waring

Juneau, AK

Issue: PF management fees

Dear Rep. Seaton,

As the House Finance Committee looks for budget cutting strategies and ways to enhance the revenue potential of the Permanent Fund, I suggest taking a look at the percentage of the PF investments that are done in-house versus those managed by private investment firms. About \$315 million go to these companies in management fees. While some amount of outside investor management is good for reasons of comparability, during our flush years we have not fully examined whether some percentage could be returned to state management. Money not spent in management fees is part of the earnings of the Permanent Fund.

Margo Waring

Juneau

#129
Christy Conrad
Issue: OCS

Dear Representatives on the Finance committee:

Please put my statements here as part of the record for testimony for House Bill 57.

I would like to address the budget items for "Children's Services."

The Office of Children's Services(OCS) is a Failure. They are number one in the nation for the "Child Removal" Rate. By their own data, they have shown that the majority of children are never re-united with their biological parent(s), despite the fact that federal statute requires that rehabilitation efforts are documented, in every case. Over \$30 million is budgeted in the three line items for Foster Care.

Here we see that the OCS is asking for an increased budget and budgeting \$55 million for case workers. It would be unnecessary to have so many open cases if the children were re-united with their parents.

There are only 13.6 million dollars budgeted for Family Preservation, which should be the biggest category.

In comparison, there are \$37 million dollars budgeted for Subsidized Adoptions and Guardianships. That is nearly three times the amount as Family Preservation. We know that there are federal funds attached to having more and more adoptions every year, but this is not in the best interest of Alaskan parents and children.

I would like to also suggest that OCS workers read the Bill of Rights of the US Constitution, and read and understand Article I of the Alaska constitution as part of their million dollar training.

Please do not increase the budget for OCS until they can show that they respect Alaskan parental rights and can show that the majority of the children are either left in their parents care, with rehabilitation if necessary, or returned to their parents or grandparents. If there is immediate danger to the child, arrest one or both of the parents; and if there is no immediate danger, leave the children in their parents' care.

Thank you.

YOURS TRULY,

Christy Conrad

#130

Georgia Kustura

Issue: Cut the Budget

Representative Seaton,

I am writing to express my frustration with the fiscal gap solutions that have been proposed by the House. I am not in favor of raiding the permanent fund on any level. The state must first cut its budget. Alaskans are tired of funding bloated government. The number of State employees has grown at a staggering rate. The first solution for the budget problem is to streamline government. I am appalled that it is not at the forefront of the legislative agenda. It is my hope to see the capital move to Southcentral so that many more citizens can have access to the government. The legislature is so far away it is not efficient and prevents the citizens from having access, as we should, to our government. I hope that you will do everything you can to get this budget problem fixed WITHOUT touching the permanent fund. It is vital because once it's tapped we will have to deal with taxes and the State I grew up in will never be the same.

Thank you for considering my concerns.

Georgia Kustura

#131

Libby Dalton

Fairbanks, AK

Issue: Cut the budget, PFD

DO NOT RAID THE PFD OR IMPOSE INCOME TAXES.

We have a spending problem. We've been overspending for years!

Economists have talked to you and I will repeat their message. This recession is tough and we'll come out of it. But when we come out of it we will be diminished. Spending state reserves, imposing taxes and taking the PFD is worsening the situation. That's doing things that will make the economy worse. These things will reduce Alaskans income.

By trying to save government jobs, you're taking money out of the private side, shifting it to the government side (to save some jobs), but you'll be reducing overall Alaskan incomes, reducing the amount of money flowing in the economy.

DEFINITION OF RECESSION: LESS MONEY IN AN ECONOMY.

Our PFD has limited poverty and income disparity in Alaska. Cutting or capping the PFD will increase poverty by huge amounts. It could push 10,000 to 13,000 people into poverty and that's costly! And as you take more money out of the economy, taking income out, poverty and income disparity will increase and that will tip us into a deeper more prolonged recession. People will lose confidence in Alaska and we'll be in worse shape.

We need to address these things in a way that will help the economy, not hurt it. We have an addiction to over spending in Alaska and have for years. I'm sorry but the budgets of Dept. of Education, the universities and the state bureaucracy has to be cut more.

We are hurting out here in the private sector. Construction is down, jobs are scarce, unemployment is up, businesses are folding.

The Governor's solution to our budget crisis is doing things that make the economy worse. Raiding the PFD, imposing taxes and spending state reserves is worsening the economic situation. By doing this you're not analyzing the affect of what you're doing to the economy.

Libby D Slane

Fairbanks, AK 99707

#132

Rorie Watt

Juneau, AK

Issue: School Debt Reimbursement

Please forward this email to the members of the House Finance Committee.

Thank you for the opportunity to testify today. I thought that I would elaborate on the kinds of choices that the City and Borough of Juneau would have if the State reduced School Construction Debt Reimbursement as is being currently considered (\$4.7M to us). All municipalities have their struggles, I hope to give you a snapshot of what it would mean to Juneau as an illustrative example. Here are the types of options that we would get to consider:

1. We could raise property taxes 11%.
2. We could delete most of our capital budget and let our infrastructure age.
3. We could reduce some of our discretionary school funding and for the first time ever, not fund to the CAP (\$4.7M = 20% of our General Fund Support to Schools)
4. We could raise our water and sewer rates about 25%.

And of course we have lots of other problems. New and unsolvable for me is our rapidly growing problem with homelessness. It's a big deal and we are struggling. And people in the legislature tell me that it reflects poorly on us as a Capital. And I agree.

As a comparison, on your end, the \$4.7M hit for Juneau is equivalent to the State reducing PFD checks by \$150 each, it's a big number. Or you could look to the \$9B in the earnings reserve. The State has the resources.

Per my testimony today, local governments in Alaska have earned the support of their citizens. In 2015, local Alaskan governments charged and collected \$1.3B in taxes (excluding petroleum property taxes) and the State collected \$500M to pay for State services and commitments. There is a responsibility and capacity for citizens to pay taxes for state services and programs.

And don't get me started on the cost of indirect expenditures to the State, and the annual missed opportunity to get out of state workers (tourism, mining, oil, construction, fisheries) to contribute their share of taxes to the State. Last I checked, out of state employees in these sectors are still using our Airport, the ferry system, our social service programs, our cops, our hospital, EMT's and so on.

If State reduces School Construction debt support, it will be "finding a new revenue source" which is our savings accounts and our local tax base. If you decide that you need to raise taxes – do it directly. On top of objecting to the cost shift from the State to the Muni's, in the end, I don't believe that reduced school debt would be politically sustainable.

We need a sustainable solution, and we are rooting for you to come up with a plan that will allow us all to hand the State off to the next generation in the best condition possible. Crashing municipal budgets and further harming the State economy won't allow to do that.

Thank you for your hard work.

#133

Nicole Harrell

Issue: PFD & Cuts

You have not made any significant reduction in government spending. You have chosen to keep your per diem at the same levels. You cannot decide to rob every eligible man, woman, and CHILD in the state because you are too lazy to work hard at solving the current budget deficit. Government spending is out of control and it must be significantly reduced BEFORE stealing from Alaskans. The simple fact is that for many Alaskans, the PFD isn't vacation money or shopping money. For many Alaskans, it's car repairs, home heating oil, winter gear for the children, and groceries to get them through. Shame on you!!!

#134

Carolyn Dixon

Issue: PFD

Do not make changes. Without a decision by shareholders.

#135

Brandi Wadkins

Soldotna, AK

Issue: Vote no on HB 57

I urge you to vote no on HB57. Brandi Wadkins, Soldotna.

#136

Martha Wilson

Issue: PFD, Spending

Do not pass the bill in house committee that you tried to slip in so no one would be able to protest. Do not take money from the permanent fund. Stop spending and cut your spending. Shame on all of you for not doing your job. Martha Wilson

#137

Tim Stanton

Fairbanks, AK

Issue: Decrease the Size of Government

RE: HB 57 Reference title: "An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations and reappropriations, and 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."

I am opposed to taking gross amount of 4 Billion from the Permanent Fund Earnings Reserve Account to pad the General Fund spending. The key word here is spending. This will only destroy future PFD 5 year overall calculations to pay it out to the Citizens of Alaska. It also does nothing to help balance the budget but instead just kicks the spending can further down the fiscal road continuing the length of time it will take to balance the budgets. YOU NEED TO STOP THE SPENDING !!!!!!!

I am also opposed the method of grouping the six different amendment topics in one amendment disallowing enough public awareness and input beforehand on Tuesday night Feb. 28th By doing this you have limited the time and testimony to separately address these amendments.

I adamantly oppose capping the Permanent Fund Dividends at \$1150.00 or any Caps what so ever. It was clear this money was to be distributed fairly and by the last estimate of the cap the Governor enacted the facts are it removed 250 million (App.) from the Alaskan Economy and could very well be the cause of what the state has declared as Alaska being in a Recession. HB 57 will only increase the income disparity and job losses as a result and has already been proven from the last event, caused by the Governor, I am in the private sector as a business and I can attest to the affect the last reduction had on my business sales and services. The immediate cause was the first Cap of the dividend by Walker but in addition locally it affected the overall Alaskan economy

Any imposition of new taxes and capping the PFD will only exasperate the already fragile economic condition the State of Alaska is experiencing.

Stop the Cap of the PFD, Don't add Taxes to our backs to solve your inability to do the right thing and cut expenses.

Stop all spending Right now. Cut all funding of any DOT Projects that is using state money. We can do them later once the state is fiscally able to pay for them.

Stop this gas line spending nonsense until we can afford it. This is just not the time to push a pipeline. It should have been done ten years ago.

Stop and cap all spending on social programs and only allow spending to maintain the minimum requirements to keep them open.

Stop Medicaid spending and Repeal the Gov. Medicaid related to Obamacare spending. That should have been done years ago.

It can be picked up again later.

Stop the nonsense and bickering between the DEMOCRATS and REPUBLICANS Both of you seem to want the same things, INCREASING THE SIZE OF GOVERNMENT!!!!!!!!!!

THAT NEEDS TO END AND YOU BOTH NEED TO BE DECREASING THE SIZE OF GOVERNMENT!!!!!!!!!!!!!!

Tim Staton
Fairbanks, AK. 99701

#138

Robert Wilson

Issue: PFD, Cut spending

Please do not pass a bill to take from the ak permanent fund reserve. We need to stop spending. Cut the spending. Shame on you. Robert Wilson.

#139
William Topel
Anchorage, AK
Issue: Cuts, PFD

WILLIAM M.
TOPEL 6707
MINK AVE.
ANCHORAGE, AK 99504
(907)333-1234, wmtopel@yahoo.com

TESTIMONY TO HOUSE FINANCE COMMITTEE OF ALASKA LEGISLATURE:

HB 57

March 4, 2017

Reference title: "An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; repealing appropriations; making supplemental appropriations and reappropriations, and 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."

To: Representative Neal Foster (Co-Chair), Representative Paul Seaton (Co-Chair), Representative Les Gara (Vice Chair), Members Representative Jason Grenn, Representative David Guttenberg, Representative Scott Kawasaki, Representative Dan Ortiz, Representative Lance Pruitt, Representative Steve Thompson, Representative Tammie Wilson, Representative Cathy Tilton, Representative Mark Neuman (Alternate), Representative Louise Stutes (Alternate). (Email: house.finance@akleg.gov or housefinance@akleg.gov).

My name is William Topel from Anchorage, representing myself, and having arrived in Alaska in 1966. I'm testifying today regarding HB 57. I urge a NO vote on this budget and will explain why.

First, I'm glad that this Committee is allowing email testimony until 5 PM today, as most Alaskans, particularly in the urban and their bedroom community areas, cannot possibly take time off from their work for two hours during the middle of the workday to wait in line at an LIO or to call into your teleconferenced hearings. On matters of this

importance, if you honestly wanted to solicit public input, then you should have these public hearings after normal work hours or on the weekends, and give the public more than just two minutes for individual testimony. Otherwise, you stifle public input into a public process.

On to HB 57, (1) I'm opposed to much of the largesse of state government as exemplified in the proposed appropriations; (2) am opposed to taking a gross inordinate amount (\$4 B) from the Permanent Fund Earnings Reserve Account for General Fund spending which affects future PFD calculations while it does not balance the budget but merely continues unsustainable spending ; (3) am opposed to the way your six different amendment topics were smashed into one amendment without enough public awareness and input beforehand on Tuesday night Feb. 28th (you limited Alaskans' ability to have input onto these different topics); (4) am opposed to capping the Permanent Fund Dividends, the people's money, at \$1150; and (5) HB 57 does not consider the effects of increasing income disparity or job impact losses, especially in the private sector as well as the overall Alaskan economy, with the imposition of new taxes and PFD capping.

Here's what you should consider instead. First, continue to reduce the size of state government by continued cutting of \$1.1 B over the next four years, as we have a government we cannot afford. For example, you can also forego the automatic 3.5% merit pay increases to state union employees, or cut all departments across the board by 3.5%, which will save an estimated \$110,582,496.50. Second, there should be NO new taxes, fees, or fines until you reduce overall state spending to well under \$8.3 B. Third, DO NOT TOUCH either the Permanent Fund corpus or the Permanent Fund Dividends, as both of those programs are working as intended. A vote of the people of Alaska should be required before you tamper with either program. Fourth, to achieve a sustainable budget over the next four years, you should adopt Senator Mike Dunleavy's fiscal plan with no new taxes or PFD caps (Attachment 1). A sample 10-year Budget Plan is included which shows a sustainable under \$8.3 B overall budget by FY 21 onwards (Attachment 2).

The State of Alaska has a bad track record of managing its spending over the past decade. Don't continue that trend by shifting the burden to the average citizen through taxes and tampering with the Permanent Fund or capping the PFD. Please don't pass HB 57 as presently proposed out of committee. Thank you for your time.

#140
Scott Oviatt
Palmer, AK
Issue: PFD, ERA & Process

3/4/2017

To the 2017 House Finance Committee and other distinguished Senators and Representatives;

I request and in fact demand this this timely correspondence become part of the public record with regard to the deplorable actions this week of the House Finance Committee. Creating an omnibus budget which includes such destructive measures as:

1. capping the PFD that belongs NOT TO GOVERNMENT but to the citizens of this great state
2. removing four billion dollars from the earnings reserve at a decent interest rate to fill the government pig trough (general fund)
3. creating an environment in which it is virtually impossible for the average citizen to respond in a timely manner

is overreaching, irresponsible and damaging.

What? We are only given two minutes to respond in a public forum when that time also happens to fall during the middle of the work day when average folks like myself HAVE TO WORK to provide for our families? That smacks of a body of legislators attempting to cover their works in darkness and obfuscation. It seems to me that if there was nothing to be ashamed of, and if there was nothing for our officials to hide from that there would be open and accessible interaction with the public at a time when the public can participate. This committee, as well as all elected officials who appear to be deaf to the public outcry of impropriety and incompetence in state government, need to wake up and listen to the people of this state. This week's decisions and actions are synonymous to behaving like a circus of clowns and fools in my estimation. I perceive not only from this committee but from way too many government officials a mindset that is completely devoid of understanding, knowledge and wisdom in financial matters; I am not a political or financial wizard myself but it does not take much to figure out that the actions of the House Finance Committee are deceptive and hurtful to the Alaskan people and the overall economy. Instead of working to move forward and living within our means, and considering the future, the House Finance Committee displays mental laziness and lack of moral backbone. By circumventing the historical directive of safeguarding our oil money and instead redirecting it before it can become constitutionally protected is downright devious. Oh, it's so much easier to just take money away from me and my family than it is to cut back on the government's ambitions - advancing itself in huge, unnecessary and unwanted ways. So don't be slapping yourselves on the back, and dispense with all the self-congratulatory b.s. This committee has not balanced a proper budget at all. They've just pushed harder times into the future.

Lazy.

Incompetent.

Immoral.

Destructive.

Deceptive.

Deceitful.

Damaging.

Demoralizing.

An F grade has been earned here.

Please allow me to share something very personal with you. Governor Walker's PFD heist this year GREATLY HURT ME and HURT MY FAMILY financially. We are still reeling from that loss which is a personal slap in the face direct from the governor's office. We had in mind to send support to a family member with health issues and in desperate financial need. But because the governor decided he needed to selfishly and childishly punish the citizens of this state rather than do the right thing and distribute what RIGHTFULLY belongs to "we the people" we have been unable to assist our family. Our personal budget hangs on the precipice of disaster week by week, paycheck to paycheck and when the government comes after us for more money than we can afford to cough over it's about time that we think about living somewhere else. Simply put, we CANNOT AFFORD the government being proposed. Do certain members of state government really believe that they were voted into office to take money out of our pockets and away from our families? This does not help ANYTHING and it destroys our economy when the government takes away our income to satisfy itself. All this talk of income tax, gas taxes, sales taxes, studded tire taxes - ad infinitum, all the while continuing to waste precious income on bloated, greedy government projects such as:

- multiple unnecessary university buildings
- a gas pipeline that is completely devoid of fiscal reason,
- wasteful legislative per diem for LOCAL residents,
- state offices in Texas
- the wasteful outrageous paychecks of unnecessary project consultants

All these proposals and all this talk is NOT GOOD FOR THE PEOPLE OF THIS STATE. It appears as though the government is circling the wagons around itself to protect its own interests. This is unacceptable.

Oh yes, I am very, very angry and you should know that I am not alone. I believe I am speaking for a great many citizens of this state who may or may not be able to voice their dissatisfaction. Both houses of the Alaska state government need to sit up and take notice RIGHT NOW to how these various budget proposals are destroying the confidence of the people in their ability to run a sane government in Juneau. Both bodies of the state government need to slash the budget further. Not enough has been done to stop runaway government spending and not many state officials are willing to admit to this. It is apparent that some legislators think the state budget is a shell game in which money can be shuffled around and made to look like it's a balanced budget when in fact that is a lie. This state, nor the citizens of this state exist to feed the pig. What is the state going to look like when as you raise taxes, steal our money and justify your bloated projects, what is it going to look like when there are not enough citizens left around anymore to support this greedy government? Some say we cannot cut our way to prosperity – well neither can you tax your way. The government itself cannot produce income. It can only take away for itself from those that do produce. And when there's not enough income around to tax, something has to give.

In my anger and frustration with this round of financially incompetent legislation I cannot fathom how I could run my own personal finances in the way that the state government runs its budget. Help me understand how this works. When a person is elected into public office does all sense of fiscal sanity and reason vacate? How on earth do government officials manage their personal lives? I am greatly offended by the words of one particular legislator who deems me to be too stupid to understand the complexities of the state budget process so we need her illustrious presence in Juneau to ruin our economy for us. Well perhaps that legislator should get off her high mental platform and come down to our level and help us understand the wisdom with which she is so greatly endowed that we may all agree on how fast she is taking Alaska's future down the drain.

Respectfully,
William S Oviatt
40 year resident of Palmer

#141
Eric A. Grundberg
Petersburg, AK
Issue: Public Radio

PETERSBURG LEGISLATIVE INFORMATION OFFICE

Email: petersburg.lio@akleg.gov
907-772-3741/ phone 907-772-3779/fax

WRITTEN TESTIMONY

YOUR FULL NAME:

Eric A Grundberg

REPRESENTING (ORGANIZATION OR SELF):

KFSK Petersburg Alaska Community Radio Board Member

BILL #:

HB57

funding for Public Radio

Subject:

COMMITTEE NAME:

House Finance

HEARING DATE:

March 3, 2017

KFSK / public radio is one of the most important organizations in our little community of rural Alaska. KFSK in Petersburg and all rural radio stations provide the news, public safety information, and a sense of community over the air waves and worldwide web. Funding for Public Radio is returned to our communities ten fold in the services that they provide. Please make funding of Public Radio at a sustainable and long term level a priority in this session.

#142

Mark Prentice

Issue: Cuts, PFD, No increased revenues

Elected Officials and Public Servants.

As an Alaskan voter please do the work required of you by your constituents and;

1. Continue to cut the Budget and reduce the size of State government.
2. NO New/Increased Revenues (taxes, fees and fines) until you cut the budget so that it is below \$8.3 Billion.
3. Don't touch the Permanent Fund Dividend or Corpus. Period.

Conclusion. Cut the Budget, No New/Increased Revenues (taxes, fees and fines) until you cut the budget so that it is below \$8.3 Billion, Don't touch the Permanent Fund Dividend or Corpus.

Please stop trying to kill Alaska's private economy in order to sustain and increase the government. Government does not have any money it does not extract from the Public economy and killing the goose that laid the golden egg principle clearly applies here.

Respectfully, Mark Prentice

#143

Alicia Fitzpatrick

Fairbanks, AK

Issue: PFD

As a long term resident of Fairbanks, AK with children and grandchildren who were born here, I demand the current legislators countermand Governor Walker's self-admitted illegal pilfering of the PFD.

#144

Susan Carver

Wasilla, AK

Issue: PFD

Keep your hands off our PFD!!!!!!

Do not take our PFD and use it to fund anything!! It was set up for the people of Alaska, not for the legislature to balance the budget. Instead, stop giving oil companies tax breaks! Quit creating special interest like the research that will cost over 3 million to research a road to a mine, especially in a fiscal crisis, is a waste of money. Finding anything for the LNG is a waste of money also.

Keep your hands off our PFD!

Sincerely,

Susan Carver

Wasilla

#145
Stan Johnson
Sitka, AK
Issue: PFD

Good Afternoon,

I am writing this email to voice my opposition to HB 57. Any restructuring of the PFD earnings should be put to a vote of the residents of Alaska. Contrary to what some in the state legislature have stated, we do not vote you in to office to make decisions like this for us! Comments like that truly show the disconnect between the legislature and the citizens.

Thank You

Stan Johnson

Sitka

#146

Charles Homan

Issue: UA Funding

Honorable Committee Members

State of Alaska House of Representatives

The University system needs your support at this time. Further cuts that eliminate programs which are providing our young with the education required to make Alaska even more successful must be supported. As a supporter of UAA education and athletics this past year we have given over \$60,000 to the system and believe it is the only way for the great State of Alaska to develop its lands and resources. We have committed to give up to \$152, 000. at this time. We believe the least the legislature can do is support our tremendous education system to the fullest extent possible.

Charles Homan

#147

Dixie D. Banner

Issue: Everything

I as a citizen of Alaska demand that you use Sen Dunleavy's Plan for managing the State's budget

Overview of Senator Mike Dunleavy's Fiscal Approach

This approach is comprised of the following:

- Senator Dunleavy's approach includes no new taxes. No income tax, no state sales tax, no broad-based taxes. No new taxes are required.

- Use of existing savings to help bridge to a sustainable budget within four years

- A revised constitutional appropriation limit

The central element of Senator Dunleavy's plan is repairing our existing constitutional appropriations limit that is meant to cap the size and growth of government. This is needed in order to guarantee fiscal restraint and protect against future runaway spending. The measure would be presented to the voters in the next general election (November 2018).

- A revised statutory appropriation limit

Largely mirroring its constitutional cousin by enacting this statute, elements of the plan would be put into practice beginning this year.

- Making reasonable spending reductions over four years totaling \$1.1 billion

- o \$300 million each year for FY18, FY19, and FY20 (or 7% per year)

- o \$200 million in reductions in FY21 (or 4.6%)

- Protecting the PFD & Using the Earnings Reserve Account (ERA)

50% of the utilized amount goes first for payment of the dividend, then 50% for essential state services. The Alaska Permanent Fund Corporation has provided data showing that the PFD transfer amount and the ERA both grow over 10 years using this approach.

- A biennial budget Instead of adopting an annual budget, Alaska would transition to a biennial budget process. As of 2010, 19 states utilize this more efficient approach.

- Statutory changes to foster true collaboration on the creation of the budget between the Legislature and the Governor.

A committee chosen by both bodies of the Legislature would work together with the Governor during the interim to build a budget from the ground-up, earlier in the year. This approach improves the existing process, which condenses a deep dive into the state's finances to the constraints of the busy 90-day legislative session.

A. NO STATE INCOME TAXES. If there is a tax it should be a sales tax then all parties would be held responsible. There should be a law that Alaskans/Alaskan Veterans are be hired first.

B. Before you destroying. the PFD Fund the People must have a vote!

C. TERM LIMITS and Constitution of the STATES are to be enacted.

D. NO Sales tax on studded tires.

E. Gessile needs to be reminded she is not all knowing and needs to watch her attitude. She fails to take note there are many who are far smarter than she is and if she is not reprimanded for her attitude, she will feel term limits. Remember you all are employees not our employer.

F. OCS needs to be demolished and held in contempt - They are evil and it is well proven.

G. Inform Walker that he is not above the law and his way of doing business is totally unethical. We know he is self serving and he will be a one time gov. The idea of conducting business over in Japan with out informing

the state is not appropriate. Then the idea of hiring consultants from out of state to conduct work for the State of Alaska for a large sum is outrageous. There are Alaskans who could do the work but are never asked or invited to do so. Yes, he is a snake...

H. The overall budget needs to be cut even further and especially in the area of Welfare. We are tired of Les Geer's agenda of taking care of those who are living off the state at our expense (Working Class). Time to cut the baby momma program and require that if you need to be on the program then there is a 2 kid limit.

I. If you can not get your work done in 90 days then you need to submit your paperwork for dismissal.

J. The oil taxes need to be dismissed and re evaluated for you think the working class is going to fund, the state you are wrong. Out in the Valley we are seeing people fleeing to the lower 48 and just drive through the neighborhood and you will see a number of houses sitting empty. I saw a sign that stated "Will sell houses for cash". It is highly recommended that you think twice when you are making decisions, for your input and decisions will not only affect/impact us in the short term but it will affect us in the long term.

K. In regards to school, we need to re evaluate the process for you are throwing money; however, the system seems unable to produce a quality education and there are many students who are not able to function with a HS Diploma. I believe there should be less funding for sports and non educational activities. The funds should be strictly used only for academics. Whereas, the parents need to be held accountable for their child's performance, attendance, and behavior. Teachers only be required to teach vs performing the duties as both a teacher and a parent.

If you have questions, please send a reply.

Thank you!

Dixie Banner

#148

Paulette Laberge

Issue: PFD

I am against HB 57. Leave our PFD alone.

HB 149
Ruth Bueneman
Issue: PFD

"Alaskans own the Fund as shareholders in the Owner State. It belongs to the People, now and future Alaskans, not the government. Better to share wealth equally with a dividend for all that boosts our economy and guards the Permanent Fund, rather than government overspending and corporate welfare for a few who will spend down the People's saving account. Don't let leaders rob the Peoples' piggy bank!

Governor Walker's "Permanent Fund Protection Act" plan will cut the PFD and use the Fund in order to protect it.

No. This plan will change the Permanent Fund system and take away protection for the Fund. See the articles in the "Raids" section that confirm this. The slogan "Protect the PFD" by cutting and disconnecting it from the Fund is a lie and false advertising. Since the Governor just vetoed \$670 million from PFDs this year, there is obviously no real protection for the PFD from government spending. "

#150
Garvan Bucaria
Wasilla, AK

1 of 2
March 3, 2017

Testimony: Garvan Bucaria

House Bill 57(Fin)

I oppose Rep. Seaton's Permanent Fund (PF) amendment that draws over four (4) billion dollars from the PF earnings reserve account (ERA) since it:

- Changes the primary intent of the PF Corporation to maximize growth and threatens the long term protection of the principal (corpus) of the PF.

- will alter the investment strategy for the ERA to guarantee a return for administration expenditure,

- promises to produce a reduced return by requiring the PF Corporation to reduce investment risk.

- will be imposed at a time when investment markets are at all time highs and the PF Corporation invests to advantage.

Retain the PF's current structure to benefit both dividend recipients and government essential services. No PFD Cap!
Streamline administration operations, seek efficiency, combat fraud and waste.

Use the Constitutional Budget Reserve to pay for government expenditures

2 of 2

March 3, 2017

conservatively invested to provide for a continuous withdrawal.

This budget package places undue strains on the residents of this state by greatly reducing bond reimbursement to urban school districts (40+% cuts) while paying 100% of rural bonding/expenditures. Rural residents need some economic involvement in their own school system to have personal ownership. Urban property taxes are too high!

Defund the State Budget for personnel wages by five (5) percent, except for lower level staff who have reduced salaries through fewer hours/days of employment. Cut funds to nonessential administrative positions by ending programs i.e. The Governor's LNG offices and staff - world wide. The LNG world markets are saturated with over supply and Alaska cannot compete economically at this time. Re-injection of natural gas will prolong oil production and offer a much higher return.

Income tax though not addressed in HB 57 has a way of emerging (HB 115). This possibility exists, but would only serve to increase government expenditures (70 new employees) and deepen an already emerging recession.

Sincerely, *Luan Rivas*

HB 151
Robert J. Foy, President
Kodiak Island Borough School District
Issue: School Bond Debt Reimbursement

March 4, 2017

Representative Paul Seaton
Co-Chair, House Finance Committee
Alaska Legislature
Alaska State Capitol
Juneau, AK 98501
housefinance@akleg.gov

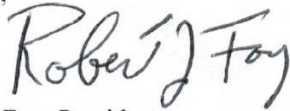
Dear Representative Seaton and Members of the House Finance Committee,

On behalf of the Kodiak Island Borough School District Board of Education, I urge you to reconsider the current amendment in HB57, which calls for a 42.3% reduction in the general fund appropriation for municipal school bond debt. If passed, the financial impact of the amendment for the people of Kodiak Island would be approximately \$2.5 million which would be injurious to our municipality, the Kodiak Island Borough, and our school district. The Kodiak Island Borough already faces deep budget cuts that affect the local contribution to the school district budget. This amendment would add an unmanageable burden onto local government, where the options for mitigating the burden are limited, and most certainly would include additional cuts to the local contribution provided to the School District operating budget.

This amendment breaks the long-standing partnership between Alaska municipalities and the State in supporting necessary school capital projects through community-approved bonding. The amendment will disproportionately affect municipalities that have neutral or declining populations and aging facilities such as in the Kodiak Island Borough School District. The thirty plus year history of the school debt reimbursement program is a legacy of State recognition of the continuing need to support public education infrastructure. As such, the State has a moral obligation to honor the commitment made and created in law when voters supported the bonding.

We recognize that the State is facing a significant fiscal crisis, and we appreciate the difficult work legislators face in finding efficiencies and cost-savings, and in developing new sources of revenue. We appreciate the committee's desire to fully fund the Base Student Allocation and pupil transportation. However, please know that the proposed reduction in the appropriation for municipal school bond debt would be detrimental to our educational program in Kodiak.

Sincerely,



Robert J. Foy, President

Kodiak Island Borough School District Board of Education

#152
Kerry Reardon
Anchorage, AK
Issue: School Bond Debt Reimbursement

Dear Representative Paul Seaton,

I am a retired Anchorage teacher, who wants to remain in financially stable Alaska. Our house value is an important part of my retirement security and I cannot afford a drop in housing prices here in Anchorage. My son is a current graduate student and wants to return to Alaska and secure a job as an architect. Unfortunately, Alaskan companies are laying professional level people off and his prospects are not encouraging.

The state operating budget has been cut by almost 30% over the past two years. Alaska is already in a recession, and our unemployment rate is now the highest in the nation. For the long-term health of our Alaskan economy, we cannot afford further budget cuts, which mean more jobs lost.

Oppose the amendment to this bill that reverses state reimbursement for bond debt already issued. Almost \$58 million that voters were told the state would repay will be shifted to school districts under this amendment! This places a huge financial burden on school districts and will likely lead to many teacher cuts.

I support a long-term fiscal plan that invests in our human infrastructure, specifically young children and families, and includes revenue generation to minimize the use of the Budget Reserve.

I support the Early Childhood Education resources in the DEED budget. Most Importantly:

Head Start, PreK, Parents as Teachers, Child Care Assistance

I want you to make budget decisions that maintain or increase services and support for young children and their families, often among the most vulnerable Alaskans; that do not incur the loss of federal matching dollars or otherwise jeopardize leveraged revenue to the State and to early childhood service providers; and that maximize all available funding opportunities.

I support a plan of revenue generation that may include a combination of strategies: use of permanent fund earnings reserve, capping the permanent fund dividend payouts, income tax, sales tax (seasonal or year round), gas tax and other creative solutions, such as endowments or social impact bonds.

Kerry Reardon
Anch. Ak 99504

#153
Kathrine Hicks
PFD

Greetings,

I would like this message to be my testimony on the budget. I was unable to get to a phone or LIO.

I fully support Senator Mike Dunleavy's proposed bill. SB 70 does not enable the destruction of the Permanent Fund that Governor Walker seems to be headed for. This bill seems to be based on a lot of research and will not hurt the economy as much as I believe reducing the PFD's will. (the PFD's are a huge boost to the economy of Alaska) This plan seems to minimize the impact of essential government services thus allowing for a leaner, smarter government.

I'm confident that if you look deep into your soul, you will have to admit that Alaska lived large for too many years. It was nice while it lasted, but those days are over and we now need to get back to basics.

I guess some are saying that Sen. Dunleavy's bill "doesn't pencil out". I think that if you go over the numbers furnished by the PFC and Legislative Affairs, you will see that it does. It does this without any new taxes too. What a deal.

I am hoping that the House Legislators will come up with a companion bill for SB 70 and we may be able to survive this difficult time for our state.

Regards,

Katherine Hicks

#154

Jessica

Issue: Disability Services

Hello!

I know there are many issues concerning the finances of Alaska, and many are very important. As someone who knows many caregivers for the developmentally disabled, and as someone who has lived in a state that does not offer the level of services to the disabled that Alaska does, please consider continuing to finance services to those who need it most. While i understood many social services are considered "money drainers," and in a budget crisis, of course you will look to thin some things out in those areas. But please be careful of the cuts you make there. I have a disabled uncle back "home". My aunt had to quit her full time job to take care of my uncle because it was either that, or pay out of pocket for a caregiver. That is hard to do when you are already struggling to make ends meet. Now my aunt and uncle survive because he has military insurance, and the generosity of other family members when they can afford to pitch in. Cutting services to the disabled community will put many families in this situation, or worse ones. Many will not have the money to pay for caregivers out of pocket, and will quit their jobs. Also, by cutting services, caregivers are at risk for losing jobs or taking pay cuts, putting more at risk for living below the poverty line. When supporting those with disabilities, you also support the jobs filled by caregivers, which keeps that money local and fed back into the system. Please consider the impact this can have on our already struggling economy. How many jobs can Alaska afford to lose by "trimming" services?

Sincerely,

A concerned citizen

