

MINUTES
SENATE FINANCE COMMITTEE
April 02, 2001
9:08 AM

TAPES

SFC-01 # 63, Side A
SFC 01 # 63, Side B
SFC 01 # 64, Side A

CALL TO ORDER

Co-Chair Dave Donley convened the meeting at approximately 9:08 AM.

PRESENT

Senator Dave Donley, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Jerry Ward, Vice Chair
Senator Loren Leman
Senator Lyda Green
Senator Gary Wilken
Senator Alan Austerman
Senator Lyman Hoffman
Senator Donald Olson

Also Attending: Witnesses are listed in the summary information in the order they testified.

SUMMARY INFORMATION

HB 103-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 104-APPROP: MENTAL HEALTH BUDGET

The Committee continued taking public testimony. The Committee Substitutes were adopted and were held in Committee.

#HB103
#HB104

CS FOR HOUSE BILL NO. 103(FIN)(brf sup maj fld)
"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

CS FOR HOUSE BILL NO. 104(FIN)

"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."

Co-Chair Donley announced public testimony would be limited to two minutes.

PAUL GONZALAS, on behalf of treatment and mental health centers, testified via teleconference from Mat-Su and indicated that without the treatment programs nobody wins and with the treatment programs everyone wins.

TOM BOLEN, member, Local Emergency Planning Committee Association Of Alaska (LEPC), testified via teleconference from Kotzebue. He indicated that hazard funding for natural disasters have never been funded by the state. This year the governor agreed to support the funding, and Mr. Bolen is asking the Committee to fully fund the \$90,800 request.

BARBARA JANITSCHK, speaking on behalf of Dennis Sipleman, Chairman and CEO of Maniilaq Association, testified via teleconference from Kotzebue, requested the continuation of budget request unit (BRU) funding to assist Maniilaq Association in providing adequate level of health care to the citizens within their service area.

SUE WHITE, Director, Family Resources for Maniilaq Association, testified via teleconference from Kotzebue that her agency provides welfare programs, including a childcare assistance program to Native and non-Native citizens and has an operating budget of \$1.3 million a year. She stressed that no other family resources program provides the depth of service in the region as the Maniilaq Association does, and requested the "same level of BRU funding that we had this year".

KATHY YULE, Director, Counseling Services, testified via teleconference from Kotzebue for the pre-maternal non-discriminatory home program for non-expectant mother and infants and homecare services for the elderly. She explained that her organization provides services to Kotzebue and eleven surrounding communities. She requested that the BRU funding not be reduced so that these services could be continued.

CHARLIE FAUTIN, Director, Community Health Services for the Maniilaq, testified via teleconference from Kotzebue that the BRU funding had not increased for nursing services in more than eight years for the region. He urged the Committee to restore the BRU funding.

MICHEAL TOAHTY, testified via teleconference from Kotzebue and indicated that substance abuse programs for in-patient and outpatient treatment in the NANA Regional Native Corporation and Point Hope areas in the North Slope Borough need adequate funding to help provide treatment and recruitment of staff.

BRUCE RUTTENBURG, Doctor and Director of the Maniilaq Council mental health services, testified via teleconference from Kotzebue, that the council "does not discriminate" when providing mental health care. He commented that traveling to provide meaningful services to eleven small villages near Kotzebue presents a unique challenge. He also noted the high suicide rate in the region as evidence of the challenges faced. He pointed out that the council relies on the BRUs for funding, and noted that it must compete for these funds each year. He strongly recommended the Committee fund the BRUs, which have been flat for at least eight years.

DEBBIE OSSIANDER, member, Anchorage School Board, testified via teleconference from Anchorage to thank the Committee and respectfully ask for funding for K-12 education at the same level as the previous year. She declared that ten years ago the state funded 73.4 percent of the school district budget compared to the current 62.5 percent, and that the local budget has increased to make up that difference and to cover costs of new programs.

SHEREE BEVINS, a fourteen-year-old resident of the State of Alaska, testified via teleconference from Anchorage on behalf of funding for the Challenge to Quit program that helps people to stop smoking. She commented that she has been able to quit smoking because of the program and that other members of her family are using the program to try to quit.

JENNY MURRAY, member, American Cancer Society, testified via teleconference from Anchorage and urged the Committee to use the \$8.1 million received from the tobacco settlements to fund the state smoking prevention programs. She informed that Alaska currently ranks thirty-sixth in the nation in funding of smoking prevention programs.

PEGGY ROBINSON, President, Anchorage School Board, testified via teleconference from Anchorage, regarding the state's foundation formula as it relates to funding for recruitment of teachers. She communicated that other state legislatures were implementing across-the-board salary increases for teachers. Referring to SB 149, she noted that Anchorage has not kept up with the rest of the states or Alaska in offering sufficient salaries or benefits for teachers. She urged for an increase in state education funding.

Senator Leman referred to SB 149 and indicated that the sponsor substitute does include more funding than the witness mentioned. He stated HB 149 would be heard in the Senate Health, Education and Social Services Committee.

DON RINKER, representing the "diverse users of the state satellite interconnection project", testified via teleconference from Anchorage in support of the interconnection project. He noted that the satellite service is used to support the University of Alaska distance delivery of courses, as well as statewide emergency alert services, Alaska Rural Communication Service (ARCS), and Gavel-to-Gavel Legislative coverage. He asked that the Committee adopt the same amount as the House of Representatives for funding of the satellite project.

JUDITH BENDERSKY, member, Golden View and Service schools' Parent Teacher Associations, testified via teleconference from Anchorage and voiced that she has been very involved in tobacco prevention. She urged the Committee to fully use the \$8.1 million tobacco settlement money for tobacco prevention. She stressed the need for a comprehensive approach.

TERRY DENUPTIIS, on behalf of Karen Hodge and himself, testified via teleconference from Anchorage and pleaded that the Committee not cut any mental health projects from the budgets in HB 103 and HB 104. He stated that thousands of people in Alaska lost their Medicaid and Medicare benefits as of January 1, 2001 which has been a real hardship. He informed that Karen's mental health visit costs rose from six dollars to \$190.

JAN MACCLARENCE, volunteer, Alaska Mental Health Board, testified via teleconference from Anchorage and noted that the Alaska Mental Health Trust Board and Authority has tried to build support for people to stay in their own communities rather than being sent to state hospitals for treatment. She voiced concern over proposed cuts in alcohol and drug abuse programs and insufficient funding to increase bed capacity in hospitals. She stated that funding needs would have to be "increased to reach the goals" that the Board and Authority and State have all been working toward.

MARIE LAVIGNE, representing National Association of Social Workers, Alaska Chapter, testified via teleconference from Anchorage and expressed that community health grants are essential to communities. She urged the restoration of funding to the prevention programs.

JULIE SERSTAD, Director, Norton Sound Mental Health (NSMH)

testified via teleconference from Nome to urge the Committee to not reduce the BRUs or change the structure of the BRU operation. She noted that NSMH staff travel in small planes, often through bad weather, and work long hours in the Bering Straits region. As required in the region, she added, NSMH staff test the entire school population every year for tuberculosis (TB) due to the high percentage of outbreaks. However, she stated, the staff could not make a difference without adequate funding. She urged funding the proposal another eight percent, if not twenty-five percent. Eight percent translates to a whole staffing position, she stated, and a "proposed decrease in funding is a discriminatory slap in their face".

Senator Olson asked Ms. Serstad to give the Committee an abbreviated update of the TB outbreaks in the Nome area.

Ms. Serstad recapped that this past year, NSMH treated 62 cases of TB. She said she would submit written breakout information at a later date. She informed the cost is approximately \$15,599 to treat each active case of TB.

MIKE OWENS, testified via teleconference from Nome and expressed concern regarding the proposed changes and cuts to the BRU funding, and how it will negatively affect the Emergency Medical Service (EMS) volunteer service in his area as well as the EMS office covering the whole state.

JANE FRANKS, Director, Norton Sound Behavioral Health, testified via teleconference from Nome and urged the Committee to restore the BRUs at the previous level of funding even though there has not been an increase in seven years. She said the organization, in this case, "could plan and implement best practices instead of just responding to a crisis". She detailed the services provided to all residents of the area, Native and non-Native alike. She also stated the organization is already dealing with inadequate funding for Native care, according to a recent Alaska Native Health Board position paper on Indian health service.

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Ms. Franks continued by requesting more funding, not less.

CHARLES LEAN, Chief, Nome Volunteer Ambulance Department and member, Nome Emergency Medical Services, testified via teleconference from Nome and expressed concern with the cuts to the BRUs that would affect training, supplies, recruitment and other

services on the local level, and the cuts to the EMS office that would affect all Alaskans. "Please don't cut it any further", he expressed.

DANIEL E. KNUDSEN, Director, Norton Sound Audiology, testified via teleconference from Nome and voiced that the proposal to cut funding in the BRUs and "redistribution on a competitive basis for FY 02 would have very serious and detrimental effects on the health care in the Norton Sound Region." He emphasized the appropriations for the past nine years have only covered the travel budget for his small organization which serves fifteen rural villages. He said further cuts would be "greatly felt", especially in preventive audiology treatment.

GLORIA EATON, testified via teleconference from Nome and expressed concern regarding her father-in-law and other elders who currently receive health care in their homes. She stated that her father-in-law is "very stressed with the idea of being sent back" into a nursing home due to the effect these funding cuts would have on home care services. She pleaded with the Committee not to cut the BRU funding.

LORRETTA BULLARD, testified via teleconference from Nome, on behalf of Melanie Edwards and Kawerak, Inc, a non-profit social workers organization, which provides services throughout the Bering Straits region. She spoke in favor of retaining the current BRUs for state funded social workers. She inquired, "Why it is the rural non-profit BRUs which are being cut". She said the BRU grants enable the village staff to work collaboratively with the Department of Health and Social Services. She noted these BRU grants have been cut 44 percent since their high in 1985.

JANA VARRATI, testified via teleconference from Nome, and urged the Committee instead of cutting funding for "real" people to develop a budgetary plan. She stated that programs have been "cut to the bone and into the marrow". She said it appears there are more funding reductions to the rural areas BRUs. She said that if these cuts occur, there would be no services in this rural area, which has only one Senator and one Representative but comprises the biggest area in Alaska.

CHUCK DEGNAN, Bering Straits CRSA, testified in Juneau and observed that one of the problems he has witnessed over the years is appropriate "funding based on need", especially regarding the situation of small communities' economy of scale and cost of living differentials. He stressed that small communities need more basic funding than larger communities. He urged the Committee "to take the next step to take care" of those small communities' funding

needs.

Senator Green reiterated that the Health and Social Services budget reflects a \$15 million increase in general funds, and of this, \$658,200 is an increase for infant learning programs, developmentally disabled programs, rural social service workers, and mental health and alcohol programs. Within this component, she said, there have been some fund shifts in grants, but overall there have been funding transfers not reductions. She noted that this may be difficult to spot, but in light of public testimony comments, she wanted to point out that funding has been increased.

KENNETH WHITESIDE, testified via teleconference from Mat-Su in support of alcohol treatment programs. He informed that Alaska has the highest drug and alcohol abuse in the nation and that the treatment programs are necessary and important. He said the treatment program saved his life and stressed long-term treatment is about education, saving lives and rehabilitation. He urged the Committee to "please weight this in your hearts as the decision affects us all."

THOMAS MCELWAIN testified via teleconference from Mat-Su in support of long-term alcohol treatment programs. He indicated that treatment facilities are very important because alcohol and drug addictions "are progressive addictions and can't be cured overnight." He said "jails are not helping anybody stop drinking and driving," but he felt long-term treatment facilities are "changing lives". He stressed the need to fund these treatment programs because the programs achieve results.

MICHAEL EXUUM testified via teleconference from Mat-Su in support of long-term alcohol treatment programs. He noted that the treatment programs have helped him stay sober and also stop smoking. He said that without those programs he would not be able to do what he has done with his life. He testified in support of the Nugent De-Tox Center, also. He urged the committee to reconsider the funding cuts that would affect these programs.

Co-Chair Donley referred to Senator Green's comments and reiterated that the Senate Finance Committee is actually increasing funding for alcohol and drug treatment programs and is continuing to meet federal standards to receive federal funding.

ALLEN JOHN, SR. testified via teleconference from Mat-Su in support of alcohol treatment programs. He had lost family members to alcohol problems, and explained how hard it is for people in rural areas to have to fly somewhere to get treatment. He urged the Committee to not cut the budget.

DANNY WAGNER testified via teleconference from Mat-Su in support of alcohol rehabilitation and what it has done for him. He indicated that alcohol rehabilitation had given him a "different and positive outlook on life."

BOYD KILGORE, retired member, Plumbers and Pipefitters Union, testified via teleconference from Mat-Su in support of Alcohol treatment programs. He indicated that he has been through Alcoholics Anonymous and other programs that did not work for him. He stated the Nugent Ranch long-term treatment program "has worked for him, and it is a great program." He said that his insurance covered costs of the program, but there are several people in the program who do not have insurance coverage and the funding support of the program makes it possible for those people to get help. He urged continued support for the program.

ERIC WAGENIUS testified via teleconference from Mat-Su and noted that he had been "in and out of jail his whole life." He said he now "has a clue about his life" thanks to the addiction treatment he received at Nugent Ranch. He urged continued funding support of this program.

BRUCE CULVER, member, Local Emergency Planning Committee (LEPC), testified via teleconference from Barrow urging the Committee to provide funds so the LEPC can start addressing community awareness of natural disasters in addition to oil spill awareness.

SKYE RUBADEAU, University of Alaska Anchorage (UAA) student, testified via teleconference from Anchorage and thanked the Committee for the investment the Legislature has made in the University. She said the University is very dependent on funding from the Legislature. She urged the Committee to fully fund the University to allow it to continue its forward momentum.

Senator Leman stated that the University budget has increased \$102 million over the last two years and will increase \$32 million to a total of \$134 million this year.

Ms. Rubadeau expressed her appreciation for all that the Legislature has done.

ILOSH AZARSEPANDAN, UAA student, testified via teleconference from Anchorage and indicated that the Legislature's increased investment in the university system is important and has really made a difference.

GRAHAM SIEBE, UAA student, testified via teleconference from

Anchorage and said that by being fully funded with the \$18.4 million increase this year, the university would have the opportunity to better meet the growing needs of businesses and communities, could continue to have enrollment growth, and would be better able to provide Alaskan students with meaningful career opportunities.

ANNETTE MARLEY, on behalf of the Alaska Native Health Board, testified via teleconference from Anchorage and urged the Committee to use one third of the tobacco settlement for smoking prevention in the state. She mentioned that 34 percent of Alaska's high school kids are smoking and that tobacco prevention programs would help "prevent further tragedies."

CHERYL EDENSHAW, testified via teleconference from Kotzebue, and respectfully requested funding support of the Alaska Kotzebue Technical Center. She said that cuts to this program would have devastating economic effects on the region as the Technical Center provides training for people to work at the Red Dog Mine and in healthcare occupations. She stated the \$609,000 funding request funds programs that have proven long-term occupational training results.

Co-Chair Donley commented that there is separate legislation, currently under consideration, that would provide funding for the Kotzebue Technical Center.

COLE SCHAEFFER, testified via teleconference from Kotzebue, in support of funding for the Kotzebue Technical Center. He stressed that trained personnel are essential for Alaskan business and industry and that technical centers provide a service that the university and other educational forums cannot fulfill. He urged as much funding as possible to be designated for technical centers.

KEVIN THEONNES, career pathways high school counselor, Northwest Arctic Borough School District, testified via teleconference from Kotzebue about the importance of the Kotzebue Technical Training Program, especially with its location in the rural area of Alaska. He commended Senator Torgerson for his efforts in supporting vocational education.

ERIN MARTIN testified via teleconference from Mat Su to stress the importance of alcohol and drug long-term treatment centers. She stated that without such programs, "I would not be here today."

ROBERTA KOPPENBERGH, testified via teleconference from Mat Su, that alcohol treatment centers have also saved her life.

DENISE BOWEN testified via teleconference from Mat Su in support of long-term substance abuse treatment centers. They "are good in Alaska", she said, and that "her stay in a center has made her a better person". She also stated that without treatment she would probably be dead, and she is thankful that Alaska has the centers.

Senator Ward moved for adoption of SCS CS HB 103 (FIN), 22-LS0410\S, as a working draft.

There was no objection and the Committee Substitute was ADOPTED.

DENNY DEGROSS, Director, Alaska Center for Rural Health, testified via teleconference from Anchorage, to talk about BRUs, tobacco funding, and the University of Alaska funding. He said that the BRU reductions are not a good thing and any "savings are illusionary," and would end up costing the state money. He spoke to the importance of community based and operated programs, and how they are much more effective than management from outside of the community. He also detailed the history of BRU funding. He urged full funding for tobacco education. He stated that, if "Alaskans are serious about the university", the university needed to be fully funded.

ERIN CASTLE testified via teleconference from Anchorage about her own, and her stepfather's, experience with substance abuse. She said that without treatment, "alcoholism is passed along" to children.

ROSELYN CASEY, director, Adult Learning Center, a technical college in conjunction with the University of Alaska, testified via teleconference from Anchorage as to the importance of funding the University of Alaska. She stated that young people in Alaska would prefer to attend college in the state and that many young people who had not finished high school, had gone back and gotten their GEDs because of the variety of pertinent courses that the university now offers. She urged continued support of the University.

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SHERRY THOMPSON testified via teleconference from Anchorage in support of the University of Alaska's budget request. She shared information she had read that a Chugiak Electric Association Board of Directors candidate said that Alaska once had the highest per capital income in the nation, but now it below the national average. She shared the positive changes that continuing education

has made in her life, and that a good university system could turn people's life around for the better. She stated that funding support of the university would help the health of Alaska's economy.

Senator Ward moved to adopt SCS CS HB 104 (FIN), 22-LS0411\J, as a working draft.

The Committee Substitute was ADOPTED without objection.

Co-Chair Donley announced that public testimony would now be limited to one minute per testifier due to limited time in the morning session. He continued that speakers could come back and testify that afternoon for two minutes.

SUSAN SPELLS, Alaska Women's Resource Center, testified via teleconference from Anchorage and noted that Alaska has the highest per capital alcohol consumption, the highest alcohol related death rate, and the highest Fetal Alcohol Syndrome (FAS) rates in the nation. She stressed that research supports that treatment for substance abuse does work. She urged the Committee to not cut funds to these programs.

SCOT PRINZ, Alcohol and Behavioral Health Consultant, Alaska Native Tribal Health Consortium, testified via teleconference from Anchorage to urge support for the BRU grants. He stressed the need to fund the alcohol and mental health treatment programs, as well as providing funds to recruit and retain the necessary staff to run these programs, especially in the rural areas.

TADD OWENS, Executive Director, Resource Development Council, testified via teleconference from Anchorage and referred to HB 361. He urged the Committee to reinstate the line item for \$40,000 of funds that a Senate Department of Environmental Conservation Subcommittee had removed. This funding removal, he stated, undermined the effectiveness of the bill.

DAVID WOODLEY, Chair, University of Alaska Statewide Staff Alliance, testified via teleconference from Anchorage and thanked the legislature for continued support for the University. He hoped they would continue to lay the foundation for the system and support the programs that are needed throughout the state. He urged the Committee to support the University's budget request in its entirety.

MARY K. HUGHES, member, University of Alaska Board of Trustees Foundation, testified via teleconference from Anchorage, and urged support for the University budget request. She thanked the

Committee for their past and continuing support.

CHARLOTTE PHELPS, Senior Advocate, Division of Justice, testified via teleconference from Anchorage, and said she had recently noticed that the House had cut \$10,000 from her Division, which receives most of its funding in a line item in the budget of the Department of Public Safety. She stressed this amount of money to a small organization such as hers, is a substantial cut and affects how they can provide services to victims of crime on a statewide basis, especially rural areas. She urged the Committee to reconsider the \$10,000 cut.

JULIANNA GUY, representing public broadcasting, testified via teleconference from Anchorage to advocate for the full funding of the satellite service that public broadcasting uses to provide radio and television programming on a statewide basis. She feels that it is extremely important because of the high usage, especially in the Bush, of educational and other public broadcasting programming that is provided, statewide.

Co-Chair Donley recessed the Committee until 1:30 PM at which time, he stated, they would resume public testimony from the Anchorage and Mat-Su areas.

RECESS 11:00AM / 1:35PM

CHRIS NOAKES, a representative of Back Country Avalanche Awareness and Response Team (BAART), testified via teleconference from Mat-Su and urged the Committee to accept Governor Knowles budget request for \$350,000 for the Department of Public Safety to use for avalanche public safety and training, and search and rescue equipment. She informed the Committee that Alaska ranks number one in the nation for avalanche deaths per capita, largely due, she felt, to the lack of public education and avalanche forecast and warning systems.

KEN KLUNDER, speaking as a substitute for Jerry Arthur, testified via teleconference from Mat-Su and referred to Alaska State Statute Number 18.76.010 that mandated the State of Alaska should participate in a statewide warning system. He said the funding for the warning system was eliminated, due to budget cuts, in 1986. He stated that since the warning system and public education cuts were made, sixty-one people have died from avalanche related deaths. He read the names of some of the victims. He urged the Committee to fund the avalanche warning system.

ADENE ARTHUR testified via teleconference from Mat-Su in support of the Public Safety Avalanche Program funding. She thanked the

Committee for proclaiming November 2001 as Avalanche Awareness Month. At a meeting held in Anchorage last November on avalanches, she noted that Governor Knowles "was amazed" at the turnout with only a two-day notice. She informed that the people attending the meeting represented the Red Cross, state parks, troopers, and families and friends of victims. She said that those who spoke at that meeting said that too many people were dying from avalanches and something needed to be done. She remarked that, as a result of that meeting, Governor Knowles put \$350,000 in the budget of the Department of Public Safety to fund avalanche safety programs, and she felt that the legislative budget has so far ignored the Governor's request.

Ms. Arthur said she has learned since her own son was killed in an avalanche, that thirty percent of avalanche victims die immediately from trauma suffered when involved in an avalanche and the chances of survival decrease in a short time for those who survive the initial avalanche. She stated that the growing number of backcountry "recreationalists need to be educated and responsible," but BAART and others "cannot do what the state is legally supposed to do" without adequate funding and assistance.

PATRICIA COYNE, member, BAART, testified via teleconference from Mat-Su and said she lost her thirty-seven year old son in an avalanche because he was not aware of the high avalanche danger. She stated that the backcountry awareness response team is trying to educate people so that no more lives would be lost due to lack of awareness of snow and avalanche conditions. She pleaded with the Committee to pass HB 103 to help fund the avalanche warning system.

ROSALIE NADEAU, representing AKEELA the largest provider of institutionalized treatment service in the state, testified via teleconference from Anchorage, and voiced concern with the budget regarding substance abuse and the appearance of reductions in funding due to transferring of funds within that budget. She says the transfers leave less money in the budget for treatment and prevention programs. She was concerned that the Committee does not seem to see the importance of these programs.

TINA DELAPP testified via teleconference from Anchorage and urged full funding of the university's budget request. She pointed out that the university offers programs that address Alaska's needs, specifically nursing programs. She stated that expansion of the nursing programs would help offset the expected shortage of nurses in the state.

RICH SEWELL, University of Alaska Anchorage Alumni Association Board of Directors, testified via teleconference from Anchorage and

asked the Committee to fully fund the University's budget. He wanted to echo University of Alaska President Mark Hamilton's message regarding economic development in Alaska and stressed that the University could lead the way with sufficient funding. He stated that outside investors who have been looking at investing in Alaska were shocked to hear "that the University has been short-funded", and he wanted the Committee to think about the ramifications of short-funding the university.

DAN DUCEY, new member of Statewide Independent Living Council (SILK), testified via teleconference from Mat-Su on behalf of developmental disabled Alaskans and ACCESS ALASKA. He stated that SILK has not had a budget increase since its inception in 1984, although the growth of the area "has been tremendous" and has put increased demands on the program. He urged the Committee to continue to increase those funds.

Co-Chair Donley said the Committee would take a short recess, but would reconvene as public testimony was scheduled to continue until 2:30PM.

RECESS 2:00PM/2:29PM

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ADJOURNMENT

There being no more public testimony speakers on HB 103 and HB 104, Co-Chair Dave Donley adjourned the meeting at 02:29 PM.