

MINUTES
SENATE FINANCE COMMITTEE
April 18, 2002
9:01 AM

TAPES

SFC-02 # 66, Side A
SFC 02 # 66, Side B
SFC-02 # 67, Side A
SFC 02 # 67, Side B
SFC 02 # 68, Side A
SFC-02 # 68, Side B
SFC 02 # 69, Side A

CALL TO ORDER

Co-Chair Dave Donley convened the meeting at approximately 9:01 AM.

PRESENT

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

Also Attending: Testifiers are listed in the body of the minutes in the order they testified.

SUMMARY INFORMATION

HB 403-APPROP: OPERATING BUDGET/LOANS/FUNDS
SB 289-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 404-APPROP: MENTAL HEALTH BUDGET
SB 288-APPROP: MENTAL HEALTH BUDGET

The Committee heard public testimony from the Legislative Information Offices in the Mat-Su Borough, Delta Junction, Ketchikan, Tok, Wrangell, Nome, Kotzebue, Barrow, and Fairbanks as well as from offnet sites and from testifiers in Juneau. Two committee substitutes were adopted, and the bills were held in

Committee.

#hb403

CS FOR HOUSE BILL NO. 403(FIN) am(SENATE BILL NO. 289
"An Act making appropriations for the operating and loan
program expenses of state government, for certain programs,
and to capitalize funds; 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."

#SB289

SENATE BILL NO. 289
"AN ACT MAKING APPROPRIATIONS FOR THE OPERATING AND LOAN
PROGRAM EXPENSES OF STATE GOVERNMENT, FOR CERTAIN PROGRAMS,
AND TO CAPITALIZE FUNDS; 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."

#HB404

CS FOR HOUSE BILL NO. 404(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."

#SB288

SENATE BILL NO. 288
"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."

This was the fourth hearing for these bills in the Senate Finance
Committee.

Co-Chair Donley announced that public testimony would resume regarding the FY 03 Operating Budget. He requested testifiers to limit their remarks to two minutes in order to provide sufficient time for all testifiers to comment.

SUSAN MASON-BOUTERSE, Executive Director, Sunshine Community Health Center and Board Member, Primary Care Association of Alaska, testified via teleconference from Mat-Su and noted that the small, non-profit health center located in Talkeetna provides a multitude of services to the residents of the area. She shared that the previous year the Center provided 2,000 individuals with health care and 6,000 counseling sessions. She stated that although the Center receives some federal Community Health Center grant funding, patient fee revenue, and a small amount of United Way funds, its primary funding is through an Assistance to Community Health Facilities (ACHF) grant program through the Division of Public Health, Department of Health and Social Services.

Ms. Mason-Bouterse asserted that the proposed elimination of the ACHF grant program would also negatively affect the Center's opportunity to receive federal grant program funding would further impact the Center's ability to provide services.

Ms. Mason-Bouterse continued, on behalf of the Primary Care Association of Alaska, that rural clinics that do not receive federal Community Health Center grant funding rely on the State ACHF grant program funding "to survive." She stressed that elimination of the ACHF grant program "will be devastating" to rural clinics and could result in rural clinic closures across the State.

Ms. Mason-Bouterse noted that proposed Senate Operating Budget reductions to the Department of Health and Social Services programs such as the Early Infant Learning Program would negatively affect preventive care which could, if maintained, "save the State money in the future, not to mention saving incredible hardships for families." She stressed that cuts to Mental Health and Substance Abuse programs would also limit services to individuals and communities. She voiced understanding of the fiscal challenge facing the State; however, she urged the Committee to not support the proposed elimination of \$218,000 of the total \$315,000 of State funding dedicated to primary health care nor significantly reduce the already minimal funding for other health care and behavioral health care.

PATRICIA G. COYNE, Member, Backcountry Avalanche Awareness Rescue Team, testified via teleconference from Mat-Su to ask the Committee to include funding for Avalanche Awareness Education Programs. She

expressed that the \$50,000 included in the FY 02 budget provided funding for a "reach and teach program" through which twenty individuals received training that allowed them to teach avalanche awareness and search and rescue methods in their communities. She stressed the importance of continuing to educate people on how to avoid being caught in an avalanche.

ERIC T. WAGENIUS testified via teleconference from Mat-Su in support of funding for drug and alcohol recovery centers such as Nugent's Ranch. He stated that the program offered at the Ranch "turned his life around," and he stated that he is training to offer counseling services to others. He urged the Committee to continue funding these programs.

DAVID BARTHOLMEW, Wasilla Area Seniors Incorporated, testified via teleconference from Mat-Su about the importance of continuing kitchen inspections, for he attested, if this program were eliminated, senior centers would suffer due to the loss of funding food programs generate.

Mr. Bartholmew read from an article [copy not provided] authored by Ray Metcalfe from the Anchorage Daily News that while Alaska retains 33 percent and the federal government retains approximately 24 percent of the profits generated by the State's oil fields production, the worldwide average oil field revenue profits retained by governments is approximately 79 percent while oil companies normally retain approximately 23 percent. He asked the Committee why the State allows oil companies to retain more of the profit than is the norm, and he suggested that the State tax the oil companies rather than the citizens of the State. He noted that the Alaska Permanent Fund Dividend is approximately \$1,800 and he asked the Committee why the State could not provide more money and free education to its citizens.

PAULA HANDRICKS, Alaska Native, testified via teleconference from Mat-Su to detail the treatment she had received at the Nugent's Ranch Drug and Alcohol Treatment Center. She urged the Committee to retain the Ranch's funding to enable the Ranch to continue to provide treatment programs, which, she attested, have enabled her to become a responsible citizen and parent.

MICHAEL HANDRICKS testified via teleconference from Mat-Su to voice support for drug and alcohol treatment centers' programs. He exclaimed that the treatment centers have had a positive impact on his life, and that he is now a functioning individual with a job and a family and that he pays taxes and child support. He stressed that treatment programs do work, and he urged the Committee not to reduce alcohol treatment program funding.

WILLIAM WALLACE testified via teleconference from Mat-Su that the proposed \$4.75 million funding reduction in treatment programs would be harmful to both individuals and communities in the State. He asserted that private prisons and treatment programs in those prisons do not work.

SUSAN MCKITTRICK testified via teleconference from Mat-Su and informed the Committee that she is a recovering alcoholic who is testifying in support of rehabilitation centers. She stated that alcoholism is a disease and that many people who suffer from it have received assistance from the rehabilitation centers and have become responsible citizens. She voiced strong opposition to the proposed Senate's funding reductions as they would "only serve to perpetuate the problem" by incarcerating more people but offering fewer recovery opportunities, and she avowed, would result in "sentencing people to an untimely death."

ROBERT HENDRICKSON testified via teleconference from Mat-Su that alcohol abuse incurs pain and suffering to families, especially children. He attested that recovery programs have benefited his family; but that other families would suffer were funding for alcohol treatment and other mental health programs reduced. He voiced support for an income tax or the use of Permanent Fund earnings to provide money to support these programs.

DONALD FISCUS testified via teleconference from Mat-Su and acknowledged Senator Ward's efforts for road improvements in the Kenai Peninsula area. He stated that dwindling State revenue requires the development of fiscal responsibility, however, he characterized the cuts to the Department of Health and Social Services "to be extreme," particularly the \$4.4 million funding reduction in alcohol and drug abuse programs thereby denying treatment to approximately 1,000 people. He asked the Committee where the money generated from current and proposed alcohol taxes and the money received from the tobacco settlement fund and tobacco taxes is being spent. He asked whether new prison facilities would be housing people who need treatment for alcoholism, as he stressed that treatment is "less expensive than incarceration in the long run." He voiced that some legislators' do not believe that treatment works, and he again requested that the public be notified as to how user tax money is being spent.

SCOTT WELLS testified via teleconference from Mat-Su and noted that Alaska has one of the highest rates of alcoholism in the nation. He exclaimed that "it should be obvious" that this abuse contributes to many other social illnesses and expenses. He noted that he is a contributing member of society and that he is a recovering

alcoholic in treatment, and he stressed, "that his life depends on maintaining sobriety." He noted that treatment costs are exorbitant and that financial assistance from the State is necessary as most alcoholics have lost their jobs and benefits and cannot afford to enter treatment without State assistance. He furthered that the State should provide more funding, not less, for treatment facilities. He asserted that by offering more treatment, the State would benefit from a reduction in domestic violence, violent crimes and assault, traffic violations, lost wages and psychiatric care, physical ailments and death. He furthered that if he had had to wait 120 days to enter treatment, he would not have survived. He stated that the proposed cuts would triple the waiting time to get into a treatment program and the number of people on the waiting list would escalate. He stressed that treatment works, and he urged the Committee to reconsider the proposed funding cuts.

CAROL KANE, Executive Director, Alaska Association of Secondary School Principals, testified via teleconference from Mat-Su to urge full funding for education as it would benefit all Alaskan children. She assured the Committee that the Association supports education standards, and she asserted that a quality education contributes to a stronger economy.

ANN KILKENNY testified via teleconference from Mat-Su and spoke with concern regarding funding for education; particularly that the State is lowering the standards required of teachers and that teaching positions are difficult to fill. She stated that the current hiring practices "are a disservice" to the State's children. She asserted that economists specify "that education is as much an engine of economic growth as new jobs in mining, tourism, and oil and gas," and that "abundant intellectual resources play a more important role in a region's economic development than do physical resources. She stressed that a strong school system would benefit the State, and she urged the Committee to increase the State's school funding formula by \$190 per student.

AT EASE 9:28 AM / 9:29 AM

REBECCA KLEINSCHMIDT testified via teleconference from Ketchikan regarding the tobacco settlement money. She informed the Committee that tobacco is the number one cause of preventative death in America. She stated that "allocating a mere 20 percent of the \$25 million tobacco settlement funds" to educate the public about the adverse results of smoking tobacco is not sufficient, and she urged the Committee to use the funds as they were intended to be used, which is "to treat and prevent tobacco addiction in the State."

KEVIN MURPHY Deputy Director, Gateway Center for Human Services and

President, Substance Abuse Directors Association for Alaska, testified via teleconference from Ketchikan to urge the Committee to reconsider the proposed 20 percent funding cut to the substance abuse treatment program as well as the reduction in Alcohol Safety Action Programs (ASAP) funding which would result in the closure of the Juvenile ASAP program, a three year pilot project that focused on juveniles and minor consuming. He asked the Committee to maintain the FY 02 funding levels or consider the House of Representatives FY 03 funding level proposal, which would require the programs "to tighten their belts," but would allow them to continue functioning.

ED ZASTROW, Representative, Ketchikan AARP and President, Ketchikan Senior Center, testified via teleconference from Ketchikan to urge the Committee to reconsider the proposed reduction in the food safety and sanitation program of the Department of Environmental Conservation. He voiced that full State funding of this program is required as any reduction in funding could lead to major closures in senior food services facilities in Ketchikan. He aired that this "would be unacceptable."

Senator Lemman interjected that the funding reductions being referred to are proposed by the House of Representatives rather than by the Senate subcommittee. He continued that, although there is a proposed reduction in funding, the Senate subcommittee recommends the establishment of receipt-supported services rather than the use of general funds to support, and continue, the program.

KASAY KELLEY, Representative, Alaskans for Drug Free Youth testified via teleconference from Ketchikan and spoke regarding the Alaska tobacco settlement fund. She stated that this fund has provided programs to educate young people about the dangers of tobacco use, and she requested the Committee to fully fund, at the maximum level of "20 percent, the Tobacco prevention, education, and cessation program as it is intended." She challenged the Committee to protect Alaska's children from the tobacco industry by providing this funding.

VALEREE RICE, Representative, Alaskans for Drug Free Youth, testified via teleconference from Ketchikan to urge the Committee to fully fund the tobacco prevention program at the recommended 20 percent level of the tobacco settlement fund money in order to continue to educate youth, businesses and schools "on the harmful and deadly effects of tobacco." She stated that the recommended funding level of 20 percent would allow for "counter-marketing" against the aggressive tobacco companies and would provide a strong foundation for the prevention for tobacco use in Ketchikan.

PAT CHAPMAN, Employee, Ketchikan General Hospital Tobacco Cessation Program, testified via teleconference from Ketchikan and informed the Committee that the program is beginning to gain momentum and exhibit positive results. She stated that if funding were reduced, the expanding client base of the program could not be served. She stated that 20 percent of the tobacco settlement fund money should be designated for the Alaska Prevention and Cessation programs, and she encouraged the Legislature to provide that level of funding. She attested that this funding support would benefit the State because associated medical expenses would diminish as the number of smokers lessens; particularly as the majority of the Ketchikan program's clients are from low-income families on Medicaid.

Co-Chair Donley informed the Committee that the communities of Tok and Delta are experiencing teleconferencing difficulties and would be submitting testimony via facsimile which would be incorporated into the public testimony record

LUCY ANNE HARBOR, Director of Finance, North Slope Borough School District testified via teleconference from Barrow and thanked the Committee for the increase in base student allocation funding that the Borough received this year. She noted that the increase assisted in offsetting some major cuts instituted within the District. She also voiced appreciation for the commitment to fully fund K-12 education funding in FY 03.

Ms. Harbor informed the Committee that the affects of inflation have been substantial, and she exemplified, that a math textbook cost \$18 in 1989; however, that same book costs more than \$40 in 2000. She stated that all schools face "the challenge of retooling of instructional staff to meet the demands of the informational age" and incorporating that into the curriculum; "aligning standards to assessments; and retaining and recruiting good teachers." She asserted that inflation has reduced the buying power of the State's educational funds and has thereby produced budget reductions Statewide. She voiced that federal education standards mandate that schools hire competent teachers, be accountable and institute a student management data system; however, she argued, no supportive funding was provided to uphold the mandates. She explained the approach the District is taking to accomplish the mandated goals, and informed the Committee that the State should increase and inflation-proof the base number used in the student funding formula to allow schools the finances required to operate and provide necessary services to Alaskan students.

RECESS 9:41 AM / 10:00 AM

TAFFY FOX, Employee, Bering Straits Community Partnership and Tobacco Prevention and Control, testified via teleconference from Nome to urge the Legislature to support the Tobacco Education, Prevention and Cessation Program by allocating the full 20 percent of the Tobacco Master Settlement Money Funding, "as promised."

SUE WHITE, Director, Family Resource Program, Maniilaq Association, testified via teleconference from Kotzebue and voiced concern about the proposed cuts to child protection programs, foster care services, and alcohol treatment programs. She opined that these funding reductions would negatively affect child/parent outreach programs services in the region, where, she attested, "family violence is rampant," primarily as a result of alcohol and drug abuse. She stressed that children are "trapped" in an environment surrounded by alcohol and drug abuse at an early age, and as a result they themselves become alcoholics. She continued that these children are also defenseless against "sexual predators in their own homes when their parent cannot protect them." She stated that currently, the insufficient numbers of troopers and social workers are barely able to investigate all the reported abuses of children, and she exclaimed that the proposed cuts to the budget are not the solution to protect the children and "break the cycle of abuse." She communicated the understanding that the State is facing revenue shortfalls; therefore, she expressed the willingness to pay sales taxes or income taxes to support needed services, for, she attested, we all "have an obligation" to protect the children.

TODD FASTON, Representative, North Slope Borough Fire Department, testified via teleconference from Barrow and informed the Committee that the department serves an area of approximately 90,000 square miles with a population of 8,000. He shared that the Department has developed and supports volunteer fire and Emergency Medical Services (EMS) teams in every village in the region, and he stated that the proposed reduction or elimination of the State block grant through the Department of Health and Social Services would significantly impact EMS services statewide because it would negatively affect the fire department's ability to travel to provide training to the villages. He "strongly requested that the funding be restored to, at least, maintenance levels."

JACK SMITH, Training Officer, North Slope Borough Fire Department, testified via teleconference from Barrow to voice that the fire department's ability to provide training, equipment, accreditation, and other assistance to the fire and EMS volunteers in the eight villages in the region would be negatively affected by the proposed budget cuts. He stated that current funding is received from two "small" sources; the EMS State block grant and the State Fire Marshall funding. He noted that the EMS block grant allowed the

department to provide, in FY 02, 85 courses including first aid training, CPR training, Emergency Medical Technicians (EMT) training, and fire fighting training. He stated that further budget reductions would impact the services provided to the communities and the ability to re-certify EMTs. He informed the Committee that local budget cuts have also been experienced, and to compensate for that funding reduction, the fire department has formed alliances with entities such as the local community college and borough governments to partner together to try and meet basic training needs. He asserted that any additional State cuts would result "in a more serious impact."

GARY LEWIS, Vice Mayor, Wrangell, testified via teleconference from Wrangell and asserted that "any reduction in municipal capital grant sharing" would "have a huge impact on the community." He stressed that a State sales tax would result in Wrangell being the highest sales taxed community in the State at ten percent, which he declared, "would be devastating to the community." He stated that Wrangell annually generates approximately \$250,000 per one percent of its current sales tax, and, he asserted, that were a State tax to be established, the City might be required to offset the total tax level by reducing the current City tax by three percent. He clarified that the resulting loss of \$750,000 to the City's revenue would prohibit the community's ability to maintain its current level of City operations.

SFC 02 # 66, Side B 10:08 AM

BRUCE HARDING, Mayor, City of Wrangell, testified via teleconference from Wrangell to address the proposed cuts to the Marine Highway System (MHS) and the affect it would have on communities in Southeast Alaska as well as those in the Railbelt area. He attested that now that he is a Wrangell resident rather than a resident of the Mat-Su area, he understands the level of impact that a reduction in ferry service would have in Southeast; particularly in the tourism arena, which he attested, would be felt on a statewide basis. He urged the Committee to fund the MHS at sufficient levels.

Mr. Harding additionally addressed the "serious impact" that the proposed MHS funding reductions would incur on the State's fisheries which use the ferry system to ship large quantities of fish. He expressed that, "tying up boats is about the only way to save money."

Senator Olson informed the Committee that there would be a delay in

the public testimony from the villages of Nome, Kotzebue, and Barrow as the residents of the area were incorrectly notified, on the local level, about the scheduled time for public testimony.

INEZ WEBB, Student, University of Alaska Fairbanks, testified via teleconference from Nome to urge the Committee to fund President Mark Hamilton's proposed budget request for the University of Alaska as it is important that rural campuses remain open; particularly the distance delivery programs. She acknowledged the numerous budget challenges presented to the Legislature; however, she stressed the benefits that an education provides.

DIANE SCHAEFFER, testified via teleconference from Nome and informed the Committee that she is the first member of her family to go to college and that she is continuing to pursue her degree. She urged the Committee to continue funding education programs.

CHARLES PULLOCK, University of Alaska Fairbanks Northwest campus, testified via teleconference from Nome in support of the student services that the University provides. He stated that the University benefits the community and the region in addition to the students. He spoke of a partnership between the University and the United States National Park Service through which they jointly present seminars such as one that he is currently attending titled "Culture, Museum, and Tourism Development." He attested that these types of student services are a great benefit, and he urged continued funding support for education.

TREVOR COLBY, Vice President, Community Health Services, Norton Sound Regional Hospital (NSRH) testified via teleconference from Nome regarding proposed budget cuts to small, regional clinics. He stated that the eliminated funding supports the salaries of four Physician Assistants (PAs) who work in conjunction with health aids in small clinics in Unalakleet, Shishmaref, Gambell, and Stebbins. He explained that while approximately twenty medivacs, costing approximately \$10,000 each, occur each month in the region; he asserted that the medical knowledge of the PAs is helpful in preventing approximately twenty unnecessary medivacs each year for total annual savings of \$200,000. He clarified that approximately \$60,000 of the \$90,000 being eliminated equates to one full PA position, and he stressed that removal of this position would adversely affect medical services in a community as well as increase expenses such as the unnecessary medivacs.

ROSEMARY DEGMAN, Director, Village Health Service, Norton Sound Regional Hospital testified via teleconference from Nome that the proposed removal of one PA position from the budget would harm the health care of a community, remove medical assistance and "moral

support" to nurse's aids, limit health education options, and lessen the integration of other services in the community. She stated that it would negatively affect the perception of community health care delivery in the villages and raise expenses incurred by unnecessary medivacs. She urged the Committee to continue to provide funding for PA salaries.

Co-Chair Kelly moved to adopt "the Senate CS for House Bill Number 403 Version 'R' as the working document for the operating budget."

Senator Hoffman commented that while "he does not agree with the document at this time," he would not object to the motion.

There being no objection, SCS for CS HB 403(FIN), 22-LS1295\R was ADOPTED as a working draft.

Co-Chair Kelly moved to adopt "Version 'J' of House Bill 404."
Senator Hoffman restated his previous comment.

Co-Chair Kelly objected to clarify language of the original bill verses language in the committee substitute.

Co-Chair Kelly removed his objection.

There being no further objection, SCS for CS HB 404(FIN), 22-LS1483\J was ADOPTED as a working draft.

RECESS 10:21 AM / 10:27 AM

There being no further public testimony at this time from the scheduled teleconferencing sites, Co-Chair Donley called for a recess.

RECESS 10:31 AM / 4:04 PM

[Note: The remainder of Side B, Tape 66 is blank; however, the testimony resumes on Side A, Tape 67. No portion of the meeting is unrecorded.]

SFC 02 # 67, Side A 04:04 PM

JENNY CAROL testified offnet from Fort Yukon to urge the Committee to provide full funding for the University of Alaska as the University is essential to the growth of the State. She stated that education is particularly important in rural Alaska as it provides individuals with the education and training required to be

successful.

ERA EKTU [name and title indiscernible] testified via teleconference from Fort Yukon to urge the Committee to support funding for the University of Alaska, especially funding that supports rural programs that benefit people in the region.

EVELYN JAMES testified offnet from Fort Yukon to urge full funding for the University of Alaska's budget, especially rural education opportunities that allow people to remain in their communities while taking classes.

[Name not provided], Student, Aleutian Campus of the University of Alaska testified via teleconference from Fort Yukon to urge full funding for the University. She noted that her participation in teleconferenced courses has allowed her to become certified and obtain employment in the Early Childhood field. She stressed that, without these rural long-distance educational opportunities, current residents and future generations might not be able to continue their education because relocating to other areas in the State is not an option.

GARY CRANDALL, Representative, Lower Yukon School District, testified from an offnet site to inform the Committee that current regulations require Peer Instructional Aids to acquire their Associate's Degree or 60 hours of post-secondary instruction in order to be hired as a Peer Instructor in the district's classrooms. He stated that without adequate funding for the rural Universities, the required classes would not be available to these individuals; and furthermore, he stated these courses also provide the education necessary for these individuals to become certified teachers. He expressed that the individuals taking these courses are the "anchors" in the community as they have grown up in the region and would remain there to teach in the schools, as opposed to the normal high turnover that has been experienced with teachers who are not native to the area.

Mr. Crandall additionally urged the Committee to continue funding the Quality Schools Learning Opportunities Fund that the District has used to provide after school tutorials for at-risk children.

ANDY DURNY testified offnet from Nulato and spoke to proposed budget "cuts that would most negatively" affect rural Alaska, particularly proposed reductions in the Village Public Safety Officers (VPSO) and troopers programs. He divulged that villages could not provide the required funds to support these programs, and he stressed that more money would be saved by funding these programs than would be saved by reducing them. He additionally

protested proposed cuts to the University's Distance Delivery education program, as the benefits to the receiving communities are important. He voiced support for a State income tax, school tax or a limit on the Permanent Fund Dividend checks in order to provide the money necessary to continue needed programs in rural Alaska.

Co-Chair Donley asked Mr. Durny how rural communities might acquire the ability "to self-police."

Mr. Durny responded that "the huge movement away from the traditional subsistence-based-lifestyle to a cash economy" within the past 30 years has forced the need for State funding assistance to address the problems that have developed with these changes, particularly problems involving alcohol and drug abuse. He stated that local funding is not available to support enforcement as mandated by State law; however, he stressed that some level of law enforcement and public safety is required. He stated that until other options are implemented, the VPSO program is the best current alternative.

PAULA HARRIS testified offnet from McGrath to state that any cuts in community health, education, or safety would be harmful to rural Alaska. She stated that cuts to the Power Cost Equalization (PCE) program and public radio would also be felt. She stressed that limiting health clinic, VPSO, and troopers programs would negatively affect the villages, as unlike larger communities, oftentimes, there is only one VPSO officer and no other resource available. She urged the Committee to consider the negative results of these cuts on rural communities. She informed the Committee that same communities, like McGrath, have limited local funding that makes it difficult to provide for all the needs of the community.

JERRI NAGARUK testified offnet from Elim to state that were it not for the University's distance learning program, she would not have been able to further her education and become a teacher. She shared the opportunities that acquisition of an education has provided her and her three children. She urged the Committee to fully fund the University as she stated that cuts to the University would prevent others from receiving this opportunity.

JIMMY HURLEY testified offnet from Ekwok to note that the University of Alaska funding is "very important to the Bristol Bay area." He stated that since the decline in the fishing industry, the University has provided rural Alaskans other opportunities from which to make a living. He communicated that the VPSO program is very important to rural areas, and he shared the importance of continuing to fund VPSO training opportunities due to the fact that officers are not allowed to carry firearms. He noted that funding

for health and social service programs is also essential to rural areas, especially to address the problem of alcohol. He stressed that funded programs provide jobs for people in rural Alaska, which assists in addressing the alcohol problem, as having a job deters people from developing vices.

BART LABOND, President, Board of Education, Fairbanks North Star Borough School District testified in Juneau and likened the flat funding being considered for K12 education as being a cut to school budgets due to inflation. He stated that the Fairbanks' school district welcomes State initiatives such as the State High School Qualifying Exit Exam that challenges the educational system to meet the goals established for the State; however, he remarked that the proposed education budget is like "being put on a long-term diet to gain weight." He stated that schools must have more funding to address the State's mandate for increased student performance levels. He stated that the District used the increased funds provided in the FY 02 budget to enhance its summer school operations and provide additional elementary school reading enhancement programs. He revealed that money is earmarked to address middle school and high school math enhancement programs which, he attested, is an area that needs assistance Statewide. He stressed that without sufficient funding, "schools might go backwards, as there is no such thing as status quo." He stressed that "the budget is needs-based," and support must be demonstrated on the local and State level.

JIM HOLT, Superintendent, Fairbanks North Star Borough School District, testified in Juneau and acknowledged the Legislature's FY 02 education funding efforts. He testified that the Fairbanks' School District's \$100,000,000 budget is affected by annual inflation rates of one to three percent which results in the need of an additional one to three million dollar increase being budgeted each year just to maintain status quo, without addressing labor adjustment increases. He stated that flat funding is the same as a budget decrease due to inflation, and he stated that to reach the mandated State education benchmarks, the District must be appropriately funded.

Senator Leman asked the witness to clarify whether the funded specified for inflation-proofing the District's budget allows for salary scale increases.

Mr. Holt responded that 84 percent of the District's budget addresses salaries and employee benefits, and he explained that the District is currently in teacher salary negotiations. He clarified that the one to three percent increase aforementioned addresses inflation proofing requirements for the contract that is currently

in place.

Senator Wilken voiced appreciation, on behalf of the Fairbanks legislative delegation, for Mr. Holt's years of service to the education community.

ROGER JENKINS testified offnet from Nikolai to thank the Legislature for the Community Capital Matching Grant program that has been used to fund the community's generator shed improvements. He informed the Committee that any reduction in the kilowatt formula in the Power Cost Equalization (PCE) program would be detrimental to rural residents overall. He exampled some of the community's residential kilowatt usage.

WILLIAM SOLOMAN testified offnet from Kaltag that budget cuts would harm rural communities and that his foremost concern is a proposed kilowatt formula reduction in the PCE program. He additionally stated that budget cuts to Head Start programs would be harmful to communities.

ELIZABETH WOODS testified offnet from Manley Hot Springs to address proposed road maintenance budget reductions for the Elliot Highway that provides access to Manley Hot Springs. She stated that the option of flying to the area is limited and often weather dependant. She stated that road maintenance cuts would be harmful to the community, especially with the recent development of winter tourism. She voiced support of a State income tax or gas tax to assist the State's fiscal needs.

FRANK KELTY, Natural Resource Analyst, City of Unalaska, testified offnet from Unalaska to urge the Committee to investigate methods to raise revenues for the State rather than continuing to reduce services. He stated that the community of Unalaska "is not looking for handouts" and has contributed to its road, prison and school district well-being. He continued that while the community contributes in many ways, there are, he attested, things that it could not do such provide funding to manage the commercial fisheries in the Bering Sea area. He stated that fishing licensing and landing fees contribute to this cause, and he voiced support for continuing State, rather than federal management, of commercial fisheries. He urged the Committee to continue its fisheries funding to enable the State's experienced biologists and other professionals to work to address the challenges facing the State's fisheries as this resource is critical to communities in the area.

SAM LIGHTWOOD, Farmer, Kenney Lake, testified offnet from Glennallen to urge the Committee to not reduce funding to the Division of Probation and Corrections, Department of Corrections

budget; specifically the funding support of the Palmer slaughterhouse operation. He stated that this small budget item impacts agriculture operations throughout the State and impacts the funding operations of other Department of Corrections divisions. He additionally voiced support for a State business tax.

SHERYLE CHARLIE testified offnet from Minto to voice opposition to road maintenance funding reductions, as, she alerted the Committee, the road system is critical for the community of Minto to receive supplies, groceries and medical care. She stated that air travel is not reliable due to weather conditions. She additionally voiced opposition to any proposed cuts to the VPSO program and medical aide positions as the community relies heavily on their services, and she considers them community assets.

AL UNOK testified offnet from Kotlik and thanked the Legislature for the Community Capital Matching Grant Program that the community has used to upgrade such things as its jail. He voiced opposition to any funding reductions in the VPSO or State Trooper programs. He voiced support for allowing VPSO officers to carry guns, as well as appreciation for the community's Head Start program.

LAWRENCE BRENDAMAN, Tanana Chiefs, testified offnet from Manley Hot Springs to voice opposition to the proposed Department of Transportation and Public Facilities budget cuts. He stated that transportation system in the State is diverse and requires a lot of money; however, he asserted, continuing maintenance is less expensive than reconstructing a neglected road system. He voiced support for a State income tax as it would be the most equitable method of addressing the State's needs and would allow the people who earn money in the State to support State services. He stated that eliminating road maintenance to villages would be very harmful, as local economies would be negatively affected. He opined that road closures would be very irresponsible.

CRYSTAL WILSON, Student, College of Rural Alaska Interior Regions Campus, Tok Center, testified offnet from Tok to urge full funding for the University as it allows people like herself to further their education without being required to move to a larger community. She stated that the education she has received has enabled her to obtain an administrative position that has enabled her to provide for her family.

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Ms. Wilson stated that many productive citizens of the area have

benefited from the opportunity to earn a university education. She stated that the community has additionally benefited from the ability to hire local Natives who have become teachers through the University program. She stated that the University funding is vital to the State.

LYNN CULBERTSON, Teacher, testified offnet from Mento to voice support for continued road maintenance to ensure medical and dental services for the community's residents, especially for community elders. She stated that plane service is limited and weather dependent. She stated that the cost of receiving school supplies "would skyrocket," and that mail service would be restricted, school extracurricular activities would be eliminated, trips out of town would require a minimum of three days as small plane service is limited to Mondays, Wednesdays, and Fridays. She furthered that family trips would diminish, and the cost of living would dramatically increase; thereby forcing families to move elsewhere. She concluded that due to the resulting isolation, drug and alcohol abuse would increase, and asserted that all aspects of life would be negatively affected, and if the road were not maintained, the village "would die."

GLENN MARUDE testified offnet from Northway to urge full funding of the Department of Transportation and Public Facilities budget rather than targeting the Department for budget cuts.

PATTY BROWN, Middle School Science Teacher, testified offnet from Haines to urge more funding for schools. She noted that the decline in the Haines student enrollment this year has adversely affected the community. She attributed the enrollment decline to be "partially due to a wobbly economy;" however, she urged the Committee to increase the school funding formula level per child to assure that Alaska's students could be educated to be good citizens and be able to have the educational background required to obtain good jobs and contribute to the economy. She stated that currently Haines could loose five teachers at the time when the State is mandating that a certain level of education be acquired.

BILL BEYORK, Teacher, Fairbanks North Star Borough School District informed the Committee of his involvement for the past five years with a Fairbanks at-risk student program consisting of 110 students, four teachers, and a secretary. He stated that any budget cuts to the District would place this program in jeopardy, and he urged the Committee to rank K12 school funding as a high priority. He stated that the program's kids would not be served by the public school system if the school funding for Fairbanks were not increased. He stressed that the investment in school funding would be money well spent.

CHRISTINE ROBERTS testified offnet from Tanana to voice support for funding for the Head Start program and the PCE program. She additionally urged that no reductions be made to the State's road maintenance budget.

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ART BUSWELL testified via teleconference from Fairbanks to urge the Committee to fully fund the University's budget request to enable the University to offer programs needed to fill in-State jobs in the medical, engineering, health, and psychology fields. He stated that investing in the University now would support the future of the State and would continue the progress that has been made in the last few years.

ROYCE CHAPMAN, Member, Fairbanks North Star Borough School Board, testified via teleconference from Fairbanks that flat funding from the State is not acceptable when, at the same time, the State is mandating that schools must meet higher standards. He continued that flat funding would be the same as a budget reduction and would result in math and other critical programs being reduced or eliminated.

JAMES PARRISH, General Counsel, University of Alaska, testified via teleconference from Fairbanks in support of full funding of the University as recent funding increases have provided for an improved educational experience. He asserted that the University is using its general funds "wisely" and is providing training and skills that Alaskans need to acquire Alaskan jobs in addition to retaining youth in the State; thereby, reducing the State's "brain drain." He reiterated that the University has kept "its promises" regarding the intent of the increased funding, and he reiterated that the University requires the proper level of inflation proofing to continue its mission.

MIKE DONALDSON testified via teleconference from Fairbanks in support of a fiscal plan rather than program cuts. He stated that the current proposed operating budget would be a disservice to the most disadvantaged citizens of the State.

RICHARD WRIGHT, Employee, Department of Transportation and Public Facilities testified via teleconference from Fairbanks to ask the Committee how the Department's employees would be expected "to do more with less;" specifically how fewer employees would be able to maintain the same amount of lane miles. He urged the Committee to allot the necessary funding to maintain and manage the road system. He stated that the Retirement Incentive Program (RIP) should be

revised in order to encourage more employees to retire in order to lower overall employee expenses.

CARTER CRAWFORD testified via teleconference from Fairbanks and encouraged the Committee to maintain the State's block grants to entities as, he attested, these programs provide more services at a 25 percent less cost than similar State managed programs; particularly in the legal, penal and health fields. He continued that "the University is the most powerful economic engine in the State," as it supplies jobs, attracts outside revenue, supports community businesses, creates an educated work force, "provides vital communication links to rural communities," and provides cultural events throughout the State. He supported use of the Permanent Fund, rather than a State tax, as "an appropriate" revenue source for the State as "it is not our money, it is meant" to support the State.

RICHARD HARNOS testified via teleconference from Fairbanks to support funding for road maintenance in Norton Region of the State. He stated, "that further cuts in road maintenance would be a disaster and would cost the State more money in the long run."

JAMES DART, Operator, Department of Transportation and Public Facilities, testified via teleconference from Fairbanks in support of funding for road maintenance. He detailed the needs of the area and how it would be "grossly unfair" to reduce the level of service.

JERI LANIER testified via teleconference from Fairbanks to declare that the proposed cuts to the State's Mental Health Budget would "set the program backward." She stated that as a result of the proposed reductions, adults would receive treatment through the Department of Corrections, which is more expensive and could violate federal law that demands that people be treated rather than "held for long periods of time." She continued that many children would be treated through the DFYS by use of expensive out-of-State programs, and she asserted that more extensive efforts should be undertaken to provide more opportunities for in-State treatment. She expressed that program quality would be impacted by the proposed budget reductions. She avowed that the State should "be fiscally responsible and that that could be accomplished by treating people in their own community in the least restrictive manner possible, and keeping kids at home with their families."

DAVID LEONE testified via teleconference from Fairbanks to voice that the State's Safe Communities Revenue Sharing budget, and in particular, the State's Community Matching Block Grants, should include inflation-proofing measures. He urged full funding for the

University system to ensure economic development in the State, and he encouraged the Committee "to do whatever it can to inflation-proof" the school foundation funding formula for K12.

JUDY DOELTS, Principal, Fort Wainwright Elementary School, testified via teleconference from Fairbanks to urge the Committee to increase education funding as, she stressed, children are "greatly impacted" by funding cuts. She shared that children of military families move frequently, have no extended family, and she stated that a standard curriculum should be offered as these children move from one school environment to another. She stated that while teachers work hard to meet State standards; smaller class sizes would assist the effort. She noted that the military school averages a 40 percent student turnover during a school year.

SAMUEL FARIS, Student, testified via teleconference from Fairbanks to announce that Alaska should levy a Statewide education tax to promote economic growth and support the education system.

Senator Austerman observed that testifiers have offered numerous funding source ideas to acquire the funds needed to support State programs. He stated that he values the suggestions and deems them worthy of consideration.

EVE LAMBERT, Fairbanks North Star Borough School District testified via teleconference from Fairbanks in opposition to the proposed budget cuts to the infant learning program. She stated that this "wonderful service" assists in identifying children at an early age who might require special care to assure they are successful individuals.

RIKI SIPE, Member, Fairbanks North Star Borough Social Services Commission and Employee, Fairbanks North Star Borough School District, testified via teleconference from Fairbanks to urge the Committee to consider "that education funding is essential" to the State's future. She attested that Permanent Fund revenue should be tapped to provide for necessary education funding.

DENISE DANIELLO, Executive Director, North Star Council on Aging, testified via teleconference from Fairbanks in support of full funding for the community matching grant program. She informed the Committee that this grant provides critical funding for the Fairbanks' Meals-on-Wheels senior services program that saves the State a lot of money by allowing people to remain in their own homes rather than in hospitals or assisted living facilities. She detailed the benefits provided to the community's seniors by the Meals on Wheels program, and she stressed that the need for adequate and expanding funding of the grant program is critical to

communities.

RUTHAMAE KARR, Employee, Interior Neighborhood Health Clinic, testified via teleconference from Fairbanks and thanked the Legislature for establishing the Tobacco Cessation and Education Fund from which the clinic received a grant. She urged the Committee to use the recommended 20 percent of the \$25 million Mastery Tobacco Settlement money for education and prevention programs. She stated that for every pack of cigarettes bought by youth, the State has to spend double "that amount for health care in the long run."

KRYSTAL HUWE, Employee, University of Alaska Fairbanks, testified via teleconference from Fairbanks to urge the continuance of funding for tobacco education and prevention programs. She stated that continuing education is required to combat the influence of youth peer pressure.

TINA KOCSIS, Director, Nanana Valley Hospice, testified via teleconference from Fairbanks, and urged the Committee to increase funding for the Department of Health and Social Services community matching grant programs. She noted that while 90-percent of the work performed by the Nanana Valley Hospice is conducted by volunteers, the matching grant funding the organization receives supports programs that are offered. She continued that without programs such as Hospice, individuals who have ill loved ones would be required to leave their jobs to provide care for them. She continued that this would result in increased unemployment, increased applications for public assistance, and an increased need for Medicaid. She stated that studies indicate that people who have experienced a loss due to death incur increased alcohol and drug abuse, divorce, child abuse, illness, and suicide. She stated that these issues would further impact the State by increasing demands on social services. She reiterated that proper funding for social services would assist in negating these concerns, and she voiced that the State "has a responsibility to look after children, the elderly, the terminally ill, and those who are alone or afraid."

SHARON BULLOCK, Clinical Director, Fairbanks Community Mental Health Center testified via teleconference from Fairbanks to urge funding for the Center's children programs. She spoke of the growth the program has experienced due to the demand for assistance and that the program currently has a waiting list of 61 children aged two to seventeen. She stated that these children suffer from such things as depression, sexual, physical and emotional abuse, and fetal alcohol syndrome. She stressed that assisting "severely emotionally disturbed children" prevents further repercussions on society as the children grow up. She urged the Committee to provide

assistance to this growing situation.

CYNTHIA HENRY, Member, Fairbanks North Star Borough Assembly, testified via teleconference from Fairbanks to voice appreciation for the Legislature's continuing support for municipal revenue sharing. She noted that the Borough is concerned about the K12 school formula funding for education and urged the Committee to continue to increase the funding levels as, she attested, progress has been made and increased funding would continue that trend.

DON THIBEDEAU, Board Member, Tanana Valley Hospice testified via teleconference from Fairbanks to urge continuing or increased support of the Department of Health and Social Services community matching grants funding. He detailed the services that Hospice provides and the continuing need to expand those services. He stated that increased funding is required to allow Hospice and other local non-profit agencies to provide assistance programs.

STEVE SWEET, Representative, Public Employees Local 71 testified via teleconference from Fairbanks that proposed operating budget cuts "are uncivilized and atrocious." He stated that the proposed elimination of Department of Transportation and Public Facilities jobs would result in such things as people losing their homes and an increase in crime. He stated that because other job opportunities are limited; unemployment claims would increase. He stated that efforts to save money by contracting out such things as the Dalton Highway road maintenance have not been successful as contractors state that they would require more funding than it currently costs the State to undertake those responsibilities.

ANNETTE FRIEBURGER testified via teleconference from Fairbanks that she is concerned about the proposed budget because it would adversely impact children and their families. She stressed that not everyone is lucky enough to be born into a striving environment and that no one asks to have a disability, get cancer, to be poor, or to become an alcoholic. She stressed, "that addiction is like a disease and should be treated" as such. She stated that any reduction in drug and alcohol treatment program "funding would cost the State much more in the long run" as the State cuts would incur a loss of federal match money and create a backlog of individuals requiring treatment.

MARGARET WILSON testified via teleconference from Fairbanks that proposed budget reductions "would force the closure of the 12-bed residential treatment program at Old Mitchell Recovery Camp" which is the State's only family treatment center. She stated that the program serves up to 150 clients annually and employs six physicians and other staffers. She commented that, in addition to

treating individuals with drug and alcohol addiction, the Center prints and distributes approximately 10,500 monthly substance abuse prevention newsletters to schools in the State.

ANN HOPPER, Director, Fairbanks Native Association Family Focus Program testified via teleconference from Fairbanks and explained that this 24-hour a day program provides assistance to homeless and run-a-way youth, aged ten to seventeen, as well as family mediation. She stated that the Center receives grant funding from the Division of Family & Youth Services and that the proposed twenty percent cut to these grants would negatively affect this crisis intervention program and numerous other social service programs in the community. She stressed that the State "needs healthy functioning programs" to provide care, support, and referral services.

ELAINE LANDON, Tanana Chiefs Council, Incorporated (TCC), testified via teleconference from Fairbanks, to inform the Committee that the Council operates a social service program with a \$550,000 annual budget in McGrath, a community consisting of 401 people. She stated that currently the program receives State grants amounting to \$27,000; however, proposed cuts would lower that Assistance to Community Health grant amount to \$9,000. She asserted that the current funding level does not provide adequate and basic health care for the community's residents, and "that the proposed funding barely qualifies as a token of State support for this very rural health care facility."

CARLA GOLDIZEN, Parent and Member, Parent Teacher Association testified via teleconference from Fairbanks that she wants other children to have the same educational advantages and opportunities that her children have had in the Fairbanks public school system. She urged the Committee to fully fund, rather than flat fund education.

TABER REHBAUM, Arctic Alliance, testified via teleconference from Fairbanks that she is "grateful" that the Committee is not proposing unallocated cuts to the departments nor that it includes a reduction in the level of DFYS social workers. She voiced disappointment; however, that subsidized foster care and adoption programs have been targeted for budget reductions. She stated that children in State custody require "all the support" that can be supplied. She characterized proposed reductions in substance abuse treatment programs as "unconscionable and irresponsible." She stressed that this "is the most invasive problem" the State faces as it affects law enforcement, the Department of Corrections, incurs family problems and child abuse, and medical care expenses. She stated that if the Legislature is concerned about whether

funding these programs is warranted, then she suggested, "that requirements could be built" into the program. She urged "the Committee to please rethink this one."

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Ms. Rehbaum thanked Committee members who support full funding of the Department of Health and Social Services Human Services Community Matching block grant. She stated that the State has flat funded these grants for years; however, she attested the demands on the community programs "has increased expediently." She stated that the block grants in Fairbanks are awarded to local non-profit organizations that concentrate on prevention and must demonstrate positive outcomes from their efforts. She attested "that this is a wonderful example of results-based funding," and she avowed, "that to cut this efficient, effective use of State and local funding is again irresponsible, and if anything, the funding for these grants should be increased." She urged the Committee "to address the State's fiscal problem with a fiscal plan not band aid cuts."

Senator Green asked for Ms. Rehbaum to expand on her comments regarding subsidized adoption and foster care funding, as Senator Green attested that the Senate budget version proposal for these programs differs from the witness' testimony.

Ms. Rehbaum replied that the information she has is not current and that some of the funding levels might have been updated. She continued that her information indicates that funding for these programs has been reduced.

Senator Green corrected the information by pointing out that the Senate Purchase Services Budget Request Unit (BRU) specifies there to be \$10 million more funding allotted than in the FY 02 budget, and approximately \$4.5 million more than the level proposed in the House of Representatives budget.

Ms. Rahbaum commented that her information suggests a \$600,000 reduction is proposed; however, she appreciates the update.

Senator Wilken stated that an updated budget sheet would be faxed to the Fairbanks LIO office.

BRENDA HOLDEN testified via teleconference from Fairbanks and informed the Committee that she chaired a recent Fairbanks Health and Social Service Commission grant review process during which 18 grant funding proposals were reviewed and scored. She expressed

that the agencies submitting the requests provide essential community services such as hunger, safety and housing needs. She pointed out that the agencies requesting grant funding assistance from the Department of Health and Social Services are also undergoing budget reductions from other sources, which creates "a ripple affect on the services provided." She stated that the demand for services is increasing rather than decreasing, and that "the problems of hunger, safety and housing will not go away."

Ms. Holden stressed that the agencies receiving community matching block grants leverage those funds to acquire other funding in excess of twelve times the allotted grant amount. She stressed that the community block grant funding should be increased rather than reduced.

RICHARD KECK testified via teleconference from Fairbanks to urge the Legislature to invest in children, "the most important investment in the State." He urged full funding for K12 education and University of Alaska. He asserted that, "this is the only way the state would prosper."

CHERYL KEEPERS testified via teleconference from Fairbanks and applauded the efforts being undertaken for the development of a long-range State fiscal plan; however, she voiced concern regarding proposed reductions in State programs that would negatively affect children. She noted that research indicates that early childhood environments are a significant factor in how "a child would grow, their success in school, and their ultimate productivity as adult citizens." She stated that investing in such things as Head Start, child protection, and infant learning programs would "pay off in the long run and that cutting back on these programs now would incur more expenses in the years ahead "in social and monetary measures."

Ms. Keepers additionally urged funding for alcohol and substance abuse programs. She stated that more, rather than fewer, treatment options are needed. She aired that a reduction in funding now would create additional expenses later. She thanked the Committee for their support of community matching grants, which she attested is very valuable in the community as the funds are used to leverage additional dollars to support the community programs.

NICK STAYROOK, Employee, Fairbanks North Star Borough School District testified via teleconference from Fairbanks that he has worked on the development of the State education standards guidelines, and he declared that education in the State has improved as a result of the standards. He indicated that Legislative support has enabled schools to improve their

curriculums, and he urged the Committee to increase funding for the State school foundation formula funding program to further the momentum.

Mr. Stayrook additionally urged the Committee to support the Department of Education and Early Development Early Development Program, which conducts the State's student assessments. He voiced support of a limit being placed on the Permanent Fund Dividend checks as a means of financing school programs.

LINDA ROBERTSON, Employee, Special Education Department, Fairbanks North Star Borough School District testified via teleconference from Fairbanks to voice opposition to any funding reduction to the State's Infant Learning Program. She shared her personal experiences involving the importance of intervention at an early age, and she urged the Committee to increase program funding for it would benefit the State over time.

DON TRIPLEHORN, Geologist, testified via teleconference from Fairbanks to voice support for public radio funding. He stated that the programs provided by public radio are essential to many people's quality of life.

VANESSA SPENCER, Student, University of Alaska Fairbanks, urged the Committee to fully fund the University. She shared that university graduates "are less likely to spend time in prison, are less likely to be on welfare, and make, on average, twice as much as those people without a degree." She stressed that investing in the University would save the State money in the long run. She shared that a recent report identified Alaska as one of five states where a public educational college education is affordable for low-income individuals, and she stated that flat funding might result in tuition increases that would deny some Alaskans from the opportunity of a university education. She stated that disallowing individuals a chance of an advanced education could result in an increase of demand on social services. She stated that in order to have a healthy Alaskan economy, the University should be fully funded.

MARTA MUELLER, Student, University of Alaska testified via teleconference from Fairbanks to urge the Committee to fully fund the University. She noted the scores of letters, phone calls, and testimony of individuals who have urged full funding of the University system. She sang the University of Alaska song to accentuate her position of support.

JULIA PETERS, Client, [indiscernible] Program for Women and Children, testified via teleconference from Fairbanks to voice

opposition to a reduction in funding for such programs. She stated that Alaska must address the issue of alcoholism and substance abuse and that funding for treatment programs should be increased.

HAROLD BROWN, President, Tanana Chiefs Conference testified via teleconference from Fairbanks to object to proposed budget funding reductions that negatively affect the Conference's delivery of "services to 42 villages that the Conference works for, including the Fairbanks Native population." He voiced disagreement with the "slash and burn technique that is being used to address" the State's funding shortfalls rather than the development of a long-range fiscal plan. He stated that it is incorrect to expect that federal funding distributed to the Alaska Federation of Natives would be able to fill the gap "as these federal funds could not be used to supplant any services that are currently provided to the villages or to Fairbanks Native population through State funds." He informed the Committee that prior attempts to use the federal funds to supplement the VPSO services in this manner failed.

MOLLY ANDREWS testified via teleconference from Fairbanks that too many budget cuts could harm all Alaskans. She stated that she has personally experienced alcohol and drug abuse and has been enrolled in treatment programs. She noted that previous funding reductions already require villagers to travel to larger communities to enter treatment programs; however, she stressed that it would be easier to have those programs within the village community. She stated that she supports treatment program funding.

WAYNE MCCOLLUM, Social Worker, Fairbanks Community Mental Health Center and Program Director, Community Support Program for the Mentally Ill testified via teleconference from Fairbanks that while State funding for mental health services has been decreasing since 1991, the costs of providing those services has steadily increased. He asserted that individuals served by the program are "those least able to advocate for themselves." He contended that more and more children are being sent out of State for assistance, and that because local capacities have decreased, adequate local support is not available for those children upon their return to the State. He reminded the Committee that the Alaska Psychiatric Institute has lowered its bed capacity from 144 to 72 beds. He asserted that there is not enough money for these critical services; however, he stressed that sufficient funding now would save the State money over time.

KARA MORIARTY, President and CEO, Greater Fairbanks Chamber of Commerce, testified via teleconference from Fairbanks to inform the Committee that the Chamber's business membership "strongly supports" full funding of the University of Alaska and an increase

in the K12 school funding formula as means to supply an economic impetus for the State.

Ms. Moriaty continued that investing in the development of the State's natural resources and improvements in the State's transportation infrastructure would assist the State in growing and moving beyond the years of fiscal restraints. She voiced that she personally would prefer to forego her Permanent Fund Dividend check than have any taxes imposed to pay for State services.

JOSH HORST, Employee, University of Alaska Fairbanks and Graduate, University of Alaska Southeast testified via teleconference from Fairbanks to urge the Committee to fully fund the University of Alaska Board of Regents' budget request. He voiced appreciation for the recent years of financial support and avowed that the University has improved and would continue to improve when sufficiently funded. He noted that University students and graduates, through community involvement, contribute in many ways to the State.

JACKIE MCAREE testified via teleconference from Fairbanks and urged the Committee to not cut money for alcohol treatment programs as her mom has worked hard to get sober and she does not "want her to get drunk again."

JULIE SHEFCHIK, 16-year-old high school student, testified via teleconference from Fairbanks and informed the Committee that she has served for three years in various capacities on the Board of Directors for the North Star Borough Youth Court which conducts up to four youth hearings and sentences on a weekly basis. She stated that the Youth Court exerts positive peer pressure that is demonstrated by Fairbanks having a lower recidivism rate than the State average. She continued that the Youth Court has expanded its program to provide for a Victim/Offender Mediation Program. She stated that a funding reduction in the community services matching grant program "would cripple" the Youth Court's ability to best serve the community.

BEN M. ANGEL testified via teleconference from Fairbanks to urge full funding for the University of Alaska as flat funding or a funding reduction would limit programs offered by the University.

DOUG ISAACSON, Council Member, City of North Pole, testified via teleconference from Fairbanks and urged the Committee to address the State's budget by encouraging economic growth and development of the State's infrastructure. He stated that a reduction in infrastructure resources negatively affects private businesses that rely on the road system to deliver goods and services. He thanked

the Legislature for continuing to support the municipal assistance program; however, he voiced concern about the proposed funding reductions in the Department of Transportation and Public Facilities. He opined that cuts to this Department are concentrated in the Northern Region; however, he attested, that when funding increases, the Anchorage area appears to benefit. He stated that the funding reductions are "not proportionally applied" as the Northern Region suffers the most. He encouraged the Committee to continue to fund the University of Alaska as its growth positively impacts the Fairbanks region. He urged the Committee to support the Nano-Technology agreement as it would benefit the State. He stressed that the City of North Pole is concerned about the implementation of a State sales tax, as "it wouldn't be an equitable system for the Municipality because the exemptions would be determined by the State not by the locality."

H.B. TELLING testified via teleconference from Fairbanks to state that "proper funding and new leadership" of the University of Alaska has enabled the University to become a powerful force in the State. He encouraged the Committee to fully fund the University's budget request.

DEREK MILLER, President, Student Body, University of Alaska Fairbanks testified via teleconference from Fairbanks that increased funding has allowed the University to expand its programs and become an integral part of the State's economy as well as becoming "the driving force" in the State's economic future. He urged the Committee "to invest in the State's future" by investing in the University.

JOE HARDENBROOK, Student and Member, Board of Regents, University of Alaska Fairbanks, testified via teleconference from Fairbanks to urge the Committee to fully fund the University of Alaska as the University "is a key component of developing Alaska's economy." He stated that while the State "relies on developing natural resources for a significant part of its budget," he argued that the people of the State, particularly students educated through the University, would be the State's next great resource.

OSCAR JONES, Employee, Department of Transportation and Public Facilities, testified via teleconference from Fairbanks in support of funding for roads, particularly the Dalton Highway. He informed the Committee that private contractors have complimented the State on the quality of road maintenance performed at the budgeted levels, and he attested that good employees would be laid off from their positions if Department road maintenance funding were reduced. He suggested the use of the Permanent Fund interest, as a funding source for the State's transportation needs. He urged the

Committee to fund Department of Transportation and Public Facilities at the level recommended in the Governor's budget proposal.

ERIN MCGRATH, Student, University of Alaska, testified via teleconference from Fairbanks and stated that, as a new Alaskan resident, she realizes the unique challenges and opportunities that Alaska has. She exclaimed that the University is one of these opportunities as it provides excellent education opportunities and contributes to the State's economic success by allowing residents to remain in the State and get good jobs. She urged the Committee to "not rob Alaskans of the opportunity to benefit from the University" and she urged the Committee to fully fund the University's budget request. She declared that she "would rather pay State taxes than to watch the University wither due to lack of funding."

JIM LYNCH, Associate Vice-President Finance, University of Alaska testified via teleconference from Fairbanks and spoke in support of education funding for K12 and for the University. He voiced appreciation for the wide variety of funding needs of the State and he noted that, with his professional experience, the State must limit the Permanent Fund Dividend and implement a State income and sales tax in addition to implementing alcohol and cigarettes taxes and other user taxes. He implored the Committee to act quickly as it takes a considerable amount of time to establish new systems.

TAMMY GANGULI testified via teleconference from Fairbanks and urged full funding for the University. She reminded the Committee that medical education courses provided through the University could address the State's need to provide adequate medical care to its citizens. She stated that the University could provide the State with a skilled workforce that would benefit the State's economy.

MARTIN P. BRANVILLE, Employee, Alaska Department of Transportation and Public Facilities, testified via teleconference from Fairbanks to voice that proposed cuts to the Department's workforce would be harmful to the State's road system. He reiterated other testifiers' comments that private contractors could not perform the same level of road maintenance for as low a price as State personnel. He stated that while contracting out road maintenance jobs would reduce the number of operators' jobs, it would only result in eliminating a few management positions.

IRENE PEYTON testified via teleconference from Fairbanks and stated that the State's senior citizen population is growing, and she urged the Committee to recognize this trend and fund corresponding support services accordingly. She voiced support of user fees as a

method to fund needed services.

LISA VILLANO, Student Member, Alaska Commission on Postsecondary Education Board and Student, University of Alaska Fairbanks testified via teleconference from Fairbanks to urge full funding for the University. She thanked the Committee for the support of the University and the high school graduates Alaska Scholars program which, she attested, is an example of a successful program. She stated that retaining Alaska's youth in the State is important to the State's future.

TODD LARKIN testified via teleconference from Fairbanks to declare that the majority of people who have been testifying rely on State funds to support them. He expressed that the belief is that if programs are not funded by the State that "the sun will fail to rise, all children will starve, the elderly will die, and you will be despised among men." However, he stated, that if the Legislature institutes a new Statewide tax, "then you would be revered." He expressed that he, a private jobholder, does not want to pay for more State funded programs.

ALFRED KETZLER, Employee, Tanana Chiefs Conference testified via teleconference from Fairbanks to comment that the FY 03 proposed general fund expenditures level is similar to that of budget year FY 76; however, he declared it should be sufficiently higher due to inflation and increased demands. He voiced support for a State income tax rather than a State sales tax.

PAT SWEETSIR, Deputy Administrative Officer, Tanana Chiefs Conference testified via teleconference from Fairbanks and spoke of the harm that poor families would endure as a result of the Permanent Fund Hold Harmless Clause. He urged the Committee to pursue a reasonable fiscal plan that would establish standards for future budgeting needs.

BETTY DUPREE, 25-year Employee, University of Alaska, testified via teleconference from Fairbanks to voice that the funding provided to the University during the last two years "has been instrumental in giving the University back the impetus" that is required to create new programs needed by the citizens of the State. She asked the Committee to fully fund the University's budget request.

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The following witnesses testified in person in Juneau.

JODI RUMPH, a Juneau parent, informed the Committee that while she does not like to pay taxes, she would support an alcohol tax and a

two percent across-the-board State income tax to provide revenue for State programs. She acknowledged that the cost of Medicare is rising, and she stated that early intervention would assist in reducing Medicare costs.

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Ms. Rumph stated that currently there is an eight-year wait list for Medicare services, and she suggested that the Medicare funding should be equally distributed to program applicants.

MARC WHEELER, Member, City and Borough of Juneau Assembly, expressed to the Committee that he was personally "shocked to hear about the steep cuts" proposed by the Senate for the Division of Alcohol and Drug Abuse programs. He reminded the Committee of the "huge problems" that occur in the State due to alcohol and drug abuse and the high cost incurred to the State as a result of those abuses. He stressed the need for "more funding for treatment programs not less," and he contended that these treatment programs do produce results. He urged the Committee to protect Alaskan families from alcohol and drug abuse and to pass an alcohol tax to support the endeavor.

JAMES KENWORTHY, Alaska Science and Technology Foundation (ASTF), informed the Committee that ASTF is concerned about "the first ever use of our endowment funds" for non-ASTF purposes. He informed the Committee that ASTF funds have been used to fund a wide variety of concerns in the State including funds for numerous start-up businesses including seafood plants in Wrangell and other communities and science research projects and training grants. He urged the Committee to allow ASTF to have full access to its earnings.

DAVID HULL, Fire Fighter, Paramedic, and Representative, Alaska Council of Emergency Medical Services (ACEMS), notified the Committee that written testimony [copy on file] has been submitted from attendees at the organization's recent Sitka Symposium in which "imminent doctors from all over the world came to Sitka to rewrite and review the Alaska State cold water near-drowning and frostbite protocols." He stated that symposiums such as this would be endangered if the proposed 25 percent cut in the emergency services grant were adopted. He stated that the public need for the ACEMS services has increased; however, the funding has remained flat. He stated that cuts in this program would weaken the foundation for Statewide medical programs as these funds provide for insurance coverage, fuel for ambulance and other emergency vehicles, training and certification. He stated that the results could be "disastrous" for the basic emergency needs of the State.

BILL LEGERE, Manager, KTOO FM and TV Public Broadcasting addressed the proposed \$69,900 reduction in radio grants provided for in the Public Communications Services budget, Department of Administration. He asserted that this "two percent of the total" reduction would trigger a loss of \$130,000 in federal funding support of public radio across the State.

STEPHEN SUNDBY, PHD, Administrator, Juneau Recovery Hospital (JRH), detailed the services the agency provides such as emergency services patrols, emergency detoxification services and suicidal treatment care. He informed the Committee that the State has not increased the funding for these types of agencies in ten years; however, costs continue to rise. He stressed that further funding reductions would close the agency and be a disservice to people who do not have the financial means to pay for such services.

CHRISTINE MCINTYRE, Director, American Lung Association of Alaska, testified to urge the Committee to fund the Tobacco Use, Education, and Cessation program at the State recommended level of 20 percent of the total Master Tobacco Settlement Fund. She reported the positive results occurring as a result of the program, and she advised that when programs are adequately funded, positive long-term endeavors result.

KATHRYN ARLEN, Participant, Meeting the Challenge Advocacy Program and Volunteer for the Johnson Youth Center and Juneau Youth Services identified herself as "a grateful recovering alcoholic." She exclaimed "that treatment works," and she is a responsible contributing member of society. She urged the Committee to reinstate the proposed 20 percent reduction in treatment programs or to create a conduit from the public sector to a private provider to allow these programs to continue to be available.

MARK GRAVES, Student, University of Alaska Southeast (UAS) urged full funding support for the University. He stated that the University system is currently educating 32,000 students and has 7,000 employees. He stated that for every general fund dollar invested in the University system, there is a four dollar and fifty cent economic return within the State. He stated that reducing programs would jeopardize enrollment numbers by causing students to seek an education elsewhere.

MCKENZIE MATAYA, Student, University of Alaska Southeast, urged full support of UAS. She is currently a tele-counselor who markets the University to prospective students, and she would be pleased to be able to continue to boast about the University's qualities afforded by appropriate levels of funding.

ERIC MORRISON, Student, University of Alaska Southeast urged full funding for the University. He stated that if education is supported the State would benefit.

Senator Leman asked whether the testifier is aware of "how much the University's budget has increased annually in the past five years."

Mr. Morrison responded that he was not aware of the exact amount.

Senator Leman stated that the University's budget has increased \$150 million. He voiced that he wanted to let the testifier know "how much the Legislature has chosen to support the University."

Mr. Morrison expressed that "it shows." He thanked the Committee for the support.

JENNIFER LOESCH, Student, University of Alaska, thanked the Committee for the support of the University for she declared that the more students attending the in-State University system, the more who would remain in the State and join the workforce. She stated, "that support of the University creates hope and success" for the future of the State.

SHYANN STEDMAN, Transfer Student, University of Alaska, has seen the school grow and develop tremendous potential. She stated that students from all over the country are attending the University and "falling in love" with the State, which provides the State with a young growing workforce. She noted that she is a tele-counselor at the University, and she expressed that "the affordability" of the school has real appeal to prospective students.

MARILYN PILLIFANT, accompanied by THOIR THOMAS, Teachers, Anchorage School District, detailed the daily activities and responsibilities involved when teaching 29 third grade students. She stated that classroom sizes must be reduced in order to provide a teacher with adequate time to work with each student as well as to allow for sufficient planning time. Using a classroom "window painting" art diagram, she explained to the Committee that her classroom budget consists of a \$54 per student allotment from which she is required to purchase school district standards printed materials totaling \$21 plus shipping as well as pay for use of the school copier to publish newsletters and other needed classroom material. She stated that after all classroom obligations were deducted, the amount remaining "for discretionary spending" is \$4 per student, which she spent on glue and pencils.

Ms. Pillifant exclaimed that the only piece of new classroom equipment she has encountered in her 14.5 years of teaching was new student chairs. She stated that the school's copying machine malfunctions every day. She related that applying for grants "creates this huge bureaucracy" which taxes any limited free time

she might have; therefore, she suggested that grants become a segment of the State school funding foundation formula. She stated that in order to make the educational system function, parents, teachers, and the community must be involved. She stressed that the Legislature must be involved by providing appropriate school funding. She voiced that there is disparity between the schools in every district in the State. She implored the Committee to "properly" fund education.

ANNETTE MARLEY, Representative, Alaska Native Health Board, thanked the Senate for supporting the establishment of the Tobacco Youth Education and Cessation Fund the prior year and subsequently allocating 20 percent of the State's tobacco settlement money in the FY 02 budget to support it. She stressed that the proposed Senate FY 03 budget does not reflect that same level of commitment to the program, and she urged funding to continue at the 20 percent level. She stated that while the organization she is representing does not receive any of the tobacco settlement money for programs, the organization attests that the program works and is necessary to ensure healthier Alaskans.

PAM WATTS, Executive Director, Advisory Board, Alcoholism and Drug Abuse Program expressed concern regarding "the crippling proposed cuts to the Division of Alcoholism and Drug Abuse budget" which would negatively impact programs in every region of the State. She explained that the \$4 million cut to treatment grant programs, in particular, "would be devastating" since those programs "have been flat funded since 1992 with no increases for inflation." She detailed the impact that alcoholism has on the State such as child abuse, vehicular accidents, and homicides, and she urged the Committee to restore full funding to programs because, she asserted, treatment does work.

FRANK WRIGHT, Student, Manley Hot Springs School, testified that the proposed budget cuts to the Elliot Highway winter maintenance "would kill our community because half of the town would lose their jobs." He stated that Manley Hot Springs is located approximately 164 miles from Fairbanks.

HEIDI WRIGHT, Teacher, Manley Hot Springs School, stated that she and her students raised money in order to travel "hundreds of miles to be here to talk with Legislators face to face" because "they fear that their school and their homes would be brought to an end by the State government." She urged the Committee to consider the "ripple effect" of budget cuts that would negatively affect the community.

CRYSTAL MELTON, Fifth Grade Student, Manley Hot Springs informed

the Committee that her family would be required to move if road maintenance is not provided on the Elliot Highway leading to Manley Hot Springs, because her step-father is employed by Department of Transportation and Public Facilities and would lose his job. She stressed that she does not want to leave the community and that her school provides a good education and "really is worth saving."

DR. SUE CLIFTON, Principal, Manley Hot Springs School stressed "that no child in a State as great as Alaska should have to worry so much about how to keep their school open" due to such things as the State government denying road maintenance to their community. She urged the Committee to remember, "that every address in Alaska is important to our children" whether it is urban or rural. She continued that were funding for rural education "killed directly or indirectly, you kill all that is unique about the State and you might as well represent California" or Montana or Mississippi. She urged the Committee to remember these Manley Hot Springs children when deciding financing for rural education or road maintenance funding leading to a small community that has a school.

JOHN ROWLETT, Student, Manley Hot Springs noted that the proposed road maintenance budget cuts would have a "severe" impact on his school and small rural community. He stated that many families would be required to move resulting in the closure of the community's school and a further loss of jobs in the community.

DANE KOPONEN, Eighth Grade Student, Manley Hot Springs informed the Committee that he and other students have come to Juneau to specifically lobby for the "preservation of rural education." He stated that the effects of the proposed Department of Transportation and Public Facilities budget cuts would "mean death" to the community of Manley Hot Springs and its school.

CORI DART, Student, Manley Hot Springs asserted that no winter road maintenance funding for the Elliot Highway would indirectly close the school. He attested that closing a school "in this manner is just as shameful as directly closing a school." He asserted that the Gladys Dart School "is the lifeline of the community," and he continued that, "it is our right to have and the state's responsibility to provide education to children no matter where they live." He exclaimed that rural education is just as productive as education received in urban areas.

Senator Lemman stated that while he represents an urban area, he was raised in rural Alaska, and he attests that rural areas can "deliver" a good education.

BILL GLUDE, Director, Southeast Alaska Avalanche Center thanked the

Committee for the FY 02 public safety budget funding which allowed the non-profit center to educate the public about avalanche safety. He urged the Committee to consider increasing the funding to the program in FY 03. He noted Alaska leads the nation in per capita avalanche deaths and is also the only state that does not have formal government education or forecasting programs relating to avalanches. He supplied the Committee with written testimonies [copies on file] in support of avalanche safety programs from throughout the State, and he asserted that, "avalanche deaths are largely preventable through education."

Senator Austerman asked whether avalanche education could assist in preventing snow machiner deaths caused by "high marking."

Mr. Glude stated that education could help in this situation. He asserted that while these deaths are often characterized as resulting from "risk takers;" he contended that these people are just Alaskans "going out recreating and don't know better than to go up a steep slope." He shared with the Committee that modern snow machines are powerful and allow snow machiners to venture to more extreme locations; however, he asserted, these people do not perceive the situation to be dangerous. He stated that snow machiners comprise 67 percent of the avalanche deaths in the State. He noted that the Southeast Alaska Avalanche Center has purchased a high power snow machine to demonstrate and better address teaching snow machiners about avalanche safety.

VIVIAN MONTOYA, Teacher, Juneau School District, asked the Committee to understand how important it is to fully fund education to allow teachers to meet students' needs. She stated that properly teaching children involves providing significant financial support and resources, qualified teachers, and a "tremendous commitment" from Legislators, teachers and families. She attested that the saying, "if kids are mad, bad or sad, they can't add" demonstrates that educators must address the "whole child."

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Ms. Montoya stated that children must have all their basic needs met in order to learn; therefore, she urged the Committee to adequately fund alcohol treatment programs as this issue affects students' learning behavior.

Senator Leman identified and acknowledged that Ms. Montoya is the Alaska Teacher of the Year.

Senator Austerman voiced appreciation for the efforts Ms. Montoya and other teachers contribute to their students.

DEBRA GARRISH, President, Red Alaska Child Abuse [unverified name of organization] testified that the State needs more, not less State Troopers as child abuse is a very large problem in the State. She continued that alcohol and mental health issues also affect child abuse, and she attested that budget reductions affecting these programs negatively affect children. She continued that proposed cuts to the Foster Care program are unfortunate, as these services are needed in the State. She reminded the Committee that the State Constitution requires the State to provide for health, education, and safety, and she voiced that all of these things join together to help protect children.

Dr. ROBERT SEWELL, Chair, University of Alaska Statewide Staff Alliance thanked the Committee for prior support of the University. He informed the Committee that McDowell Group surveys attest that "things are blossoming" at the University, and he urged the Legislature to fully fund the University's budget request to allow the school to continue that momentum and support President Mark Hamilton's leadership, "which has been remarkable indeed."

VERNER STILLNER, Medical Director, Behavioral Health, Bartlett Regional Hospital and Psychiatrist, Juneau Recovery Hospital (JRH) stated that, "the war on drugs is failing and the war on treatment is succeeding." He pleaded with the Committee to not reduce treatment programs by the proposed 20 percent decrement. He informed the Committee that while the State supplies 25 percent of the JRH funding; the proposed 20 percent decrement combined with the flat funding the Center has received for ten years would close the facility. He stated that the JRH clients "are not always likeable, they relapse, they contribute to domestic violence and fetal alcohol syndrome; however, they are people with chronic illnesses." He stated that treatment does work.

Co-Chair Donley announced that there being no further testimony, this concludes approximately ten hours of public testimony that the Senate Finance Committee has accepted regarding the Operating Budget.

Senator Austerman voiced appreciation for the testimony and for the suggestions as to how to balance the budget, garner new revenue, and pay for services throughout the State.

Co-Chair Donley ordered the bills HELD in Committee.

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ADJOURNMENT

Co-Chair Dave Donley adjourned the meeting at 08:15 PM