

MINUTES
SENATE FINANCE COMMITTEE
April 16, 2003
5:00 PM

TAPES

SFC-03 # 56, Side A
SFC 03 # 56, Side B
SFC 03 # 57, Side A
SFC 03 # 57, Side B
SFC 03 # 58, Side A

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately 5:00 PM.

PRESENT

Senator Gary Wilken, Co-Chair
Senator Con Bunde, Vice-Chair
Senator Robin Taylor
Senator Donny Olson
Senator Lyman Hoffman
Senator Ben Stevens

Also Attending: CATHERINE BARLIN, Small Business Owner and Substance Abuse Technician Student; URLINDA KENDALL VORGEES, Wrangell resident, senior student in Alyeska Central School; LINDA VORGEES, Wrangell resident, parent of Alyeska Central School Student; NICHOLAS GROSSKRUTH, Student, University of Alaska Southeast; JENNIFER LOESCH, Student, University of Alaska, Southeast; CHRISTIN HOWARD, Transfer Student, University of Alaska Southeast; RYAN GREEN, Third-Year Out-of-State Student, University of Alaska Southeast; ERIC MORRISON, Student, University of Alaska Southeast; JOYCE KITKA, Representative, Alaska Association for Community Education; MARIE DARLIN, Capital City Task Force Coordinator, AARP Alaska; ROSALEE WALKER, Representative, Older Persons Action Group and AARP Alaska-Juneau Chapter; SAM TRIVETTE, President, Retired Public Employees of Alaska; NANCY ANDISON; MARC WHEELER, Member, City & Borough of Juneau Assembly; JIM CARROLL, 37-Year Juneau Resident, Member, AARP Alaska, and President, Retired Teachers Association-Juneau Chapter; DANIEL PETERSON, Member, City & Borough of Juneau Board of Education, and Student, University of Alaska Southeast; PAUL DOUGLAS; EARL CLARKE, Employee, Independent Living Center; KEVIN RITCHIE, Executive

Director, Alaska Municipal League; KACI HAMILTON, President Elect, University of Alaska Southeast; NELI NELSON, Environmental Science Major, University of Alaska Southeast; JONATHAN SMITH, High School Biology Teacher, Juneau School District; ANDREA DOLL, Teacher; BOB BRIGGS, Staff Attorney, Disability Law Center; ALINA DULUSKI; LISA HOFERKAMP, Chemistry Professor, University of Alaska Southeast; PEGGY COWAN, CATHY CONNOR, Geology Professor, University of Alaska Southeast; TOBIN COATE, Student, University of Alaska Southeast; JEANNE FOY, Teacher, Alyeska Central School; JIM DOUGLAS, Professor, University of Alaska Fairbanks and Southeast Alaska and Kodiak 4-H Agent, and the Cooperative Extension Service Program Agent; CECILEA MILLER, Teacher, Alyeska Central School; MICHELLE AKERS, Student and Employee, University of Alaska Southeast, Employee, National Oceanic and Atmosphere Administration (NOAA), and Employee, Department of Environmental Conservation Laboratory; CHARLES LINDLEY, Student, University of Alaska Southeast; JEREMIAH CRAIG, Student, University of Alaska Southeast

Attending via Teleconference: *teleconference participants from the communities of Barrow, Kotzebue, Nome, Tok, Ketchikan, Delta Junction, Kodiak, Bethel, Glennallen, Petersburg, Sitka, Wrangell, and offnet sites who testified on the FY 04 Operating Budget are listed in the body of the minutes in the order in which they testified.*

SUMMARY INFORMATION

HB 75-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 76-APPROP:MENTAL HEALTH BUDGET

The Committee heard public testimony from the communities of Nome, Kotzebue, Barrow, Tok, Ketchikan, Delta Junction, Kodiak, Bethel, Glennallen, Petersburg, Sitka, and Juneau. The bills were held in Committee.

#hb75
#hb76

CS FOR SS FOR HOUSE BILL NO. 75(FIN) am(brf sup maj fld)
"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 76(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."

This was the sixth hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken notified testifiers that any written testimony received by the Committee would become part of the public record on this legislation. He stated that verbal testimony would be limited to two minutes.

MICHAEL JEFFERY testified via teleconference from Barrow and urged the Committee to continue funding the "high quality" year-round education that is provided through the Alyeska Central School (ACS) correspondence program. He spoke of the positive educational experience that his family members have received from the program, and he attested that closing the school would not save the State any money, as the base student foundation formula funding would follow the students to another school.

PEGGY WOOD, Interim Director, University of Alaska Northwest Campus in Nome, testified via teleconference from Nome to urge for full funding support of the University. She noted that, of her seventeen-year association with the University system, adequate funding has only been provided during the past five years. She stated that this funding has, after a decade of reductions, allowed the University to provide "critical job skills" for such things as the education, health, and vocational programs required to support the economic development needs of the State. She stated that were the funding level being requested disallowed, the result would be a reduction in program funding, as staff salary increases have been approved by the House Finance Committee.

LAVERNE SMITH, Employee, University of Alaska Northwest Campus and Member, Common Council, City of Nome, testified via teleconference from Nome and urged for continued support of the Northwest Campus funding which provides the area's students with important skills.

JERRY TRAINOR testified via teleconference from Nome and asserted that funding for education should be a State priority. He stated that such things as the educational partnerships that the Northwest Campus has made available in the area is providing workforce training that has benefited the area and increased the number of locally hired employees. He stated that such things as carpentry and computer skills have also been provided.

JEFF SELVEY, Employee, Bering Straits School District, testified via teleconference from Nome in support of funding education to allow the continuation of such things as the joint effort in support of the area's developmental learning center called the Northwestern Alaska Career Technical Center (NACTC). He noted that

with the cooperative efforts by such entities as the Northwest Campus, NACTC has been able to provide quality educational training to assist, for instance, the area's health care field.

ROGER WRIGHT, Executive Director, [name of organization indiscernible], from an offnet site in Kotzebue and urged that funding for the Center be reinstated.

NEAL GEORGE, President, Association of Homes for Children, testified via teleconference from Barrow and urged for the continued support of the Department of Health and Social Services' Family Preservation Fund grant as it provides early intervention in a cost effective manner and serves to "strengthen families and communities" from Ketchikan to Barrow. In addition, he urged for funding for the Tobacco Cessation and Education program, as the program is effective.

BARBARA COLE, Health Education Program Manager, Maniilaq Association, testified via teleconference from Kotzebue and spoke in opposition to any reduction in the twenty percent allocation of the Master Tobacco Settlement the State received from the tobacco industry, to support tobacco cessation and education programs in the State. She stated that this program "is an act of preventive medicine" and is effective and supported by the citizens of the State.

CATHERINE BARLIN, Small Business Owner and Substance Abuse Technician Student, testified in Juneau, in opposition to proposed reductions in juvenile treatment programs. She shared her experiences volunteering at the Johnson Youth Center for youth age twelve to seventeen, and she shared that most of the youth enter the program, initially, as the result of minor consumption of alcohol. This vice, she continued, could evolve to more serious crimes. She stated that these youth require program consistency and follow-up as well as in-State treatment programs near their families. She communicated that the youth ask such questions as: "why aren't more youth treatment programs available and why is only one Alcoholics Anonymous (AA) meeting a week offered." She stated that these youth get caught in the emotional "revolving door of anger, frustration, fear, distrust, fear, and despair." She stated that while she is unsure how to answer the questions, she does know that treatment programs do help in offsetting further criminal activity and in helping families cope. She attested that, "we need more of what we don't have enough of." In addition, she noted that efforts must be made to ensure that whatever funding is available be used in an effective manner.

Senator Taylor asked the testifier to supply him with a summary of the youth treatment programs that are available on a statewide

basis.

AT EASE: 5:21 PM / 5:40 PM

TIM SMITH, President, Nome Fisherman's Association, testified via teleconference from Nome and stated that the organization has a charitable gaming permit and operates a pull-tab business. He suggested that the State could generate revenue by authorizing video gaming, which, he noted, is being proposed in separate legislation. He informed the Committee that the State of Oregon approved video gaming, and as a result, has tripled its revenues above that previously earned by pull-tabs and bingo. He noted that opposition to video gaming centers around the need "to protect people from excessive gaming;" however, he attested that this should not be a real consideration as multiple uncontrollable opportunities already exist via such things as the Internet. He declared that because other outlets exist, the State, by not authorizing video gaming, is allowing this revenue stream to go outside the State. He also spoke in opposition to proposed changes to the tax-structure for pull-tabs as it would serve to remove needed revenue from charities.

REBECCA KLEINSCHMIDT, Representative, Ketchikan General Hospital Tobacco Cessation Program, testified via teleconference from Ketchikan and urged the Committee to fund, at the recognized twenty percent of the Tobacco Settlement Fund level, the Tobacco Cessation and Education Program as, she attested, its goal of assisting people to refrain from smoking provides health benefits to the smoker and their children. She stated that one client recently voiced being angry that the continued funding of this popular and effective program might be in jeopardy. She also stated that this same client is now experiencing financial benefit from not spending in excess of \$4,000 a year on tobacco products to support her tobacco addiction.

LAURIE THOMAS, Representative, Alaska Infant Learning Program Association and the Ketchikan Community Connections Program, testified via teleconference from Ketchikan to address the consequences that would result were the Committee's recommendation to reduce funding for the Infant Learning Program by \$250,000 approved. She stated that this reduction would result in a five percent decrease in State grant funding and would also result in reducing essential services to five percent of the children who experience or are at risk of developmental delays. Furthermore, she stated, national studies indicate that for every dollar spent on early detection and intervention, four dollars are saved in long-term care and support services. She stated that contrary to the reduction's intent language, families are already billed for these

services, and, she attested, many struggle to pay. She stated that were families required to pay more, or were more families asked to pay, choices that might result would include whether to buy groceries, seek medical attention, or to obtain Infant Learning services. This, she continued, would be a hardship to some families, and some would choose not to seek assistance. She stated that funding is already inadequate, and she avowed that further budget reductions would cost the State more in the long run.

MARY MARTIN, Instructor and Social Work Student, Interior-Aleutians Campus, University of Alaska Fairbanks, testified via teleconference from Tok and urged support of University funding. She stated that, "the Interior-Aleutians Campus is a vital component to the continued increase in the diversity of rural Alaska economies." She furthered that the presence of staff in these rural areas makes the University system "more approachable and less intimidating as compared to working with a faceless, and at times, voiceless educational style of Internet, mail-in, and teleconferenced classes." In addition, she attested that students' concerns are afforded "prompt, courteous, and knowledgeable assistance" by the local staff. She stated that oftentimes, rural programs are the ones that experience "budgetary cutbacks," and she urged that the University not become "yet another effective and needed organization that vanishes from rural Alaskan communities."

AT EASE 5:51 PM / 6:20 PM

VICKIE MUZIK-O'BRIEN testified via teleconference from Ketchikan in support of the Infant Learning Program (ILP) and the benefits that it has provided to her child "who is developmentally delayed." She stated that were a budget reduction to occur to the program in FY 04, on top of a budget cut that occurred in FY 03, it would be very difficult for the Ketchikan Community Connections program to continue to maintain its ILP level of service. She stated that any reductions in service would be detrimental to her son and other people who depend on those services. She voiced that, "preventive medicine is worth a pound of cure," and she attested that early intervention would save the State a tremendous amount of money in the long run and would also allow families to remain in the State rather than being required to seek support services elsewhere.

AT EASE 6:22 PM / 6:30 PM

BING SANTAMOUR, Chair, Kuskokwim Campus Advisory Board, University of Alaska, testified via teleconference from Bethel to voice that the Board fully supports the University's budget request, because, she declared, "any cuts to the University would greatly affect rural campuses." She stated that while a large campus might be

better able to absorb budget reductions, "the ripple affect" of a funding reduction for rural areas would be more severe in regards to its impact on staffing and services. She urged that the budget be funded in order to continue the already "bare-bone" administrative units that exist.

BOB MEDINGER, Director, Kuskokwim Campus, University of Alaska, testified via teleconference from Bethel and urged for full funding of the University's budget request. He informed the Committee that Campus has experienced tremendous program advancements that have, in turn, resulted in a 110 percent enrollment increase, year to date. He stated that local hire has also increased as a result of these educational opportunities. In conclusion, he attested that University staff salary increases are necessary, statewide.

ELAINE MANNING testified from an offnet site in Nelchina in support of the Independent Living Program which has allowed her, a woman suffering from Muscular Sclerosis to reside in her own home and be cared for by her family. She stated that she is thankful for being provided the opportunity to live at home, and she stated that her being able to do so also saves the State the much higher expense of nursing home care.

PAM KRON, Student, Interior-Aleutians Campus, University of Alaska Fairbanks, testified via teleconference from Tok in support of continued funding of the University and the distance learning programs it provides to people who live in rural areas of the State.

PHIL GUTLEBEN, Business Manager, Lower Kuskokwim School District in Bethel, testified via teleconference from Tok and voiced, on behalf of the school district administration, that: flat funding of the base student foundation formula and a reduction of the learning opportunity grants funding would not sustain current educational programs; the base student foundation formula should be increased to \$4,500 and inflation-proofed; forward funding of education must be provided to allow districts to provide "for long-range planning in order to maximize the use of available resources;" reduced Department of Health and Social Services funding would harm families "and would place additional burdens on the educational system;" and, increased funding of the Department of Health and Social Services and education programs would be required to support both families and the educational system. He suggested that a sliding scale income tax, a restructuring of the Permanent Fund distribution, and/or the establishment of an education endowment fund be considered as funding mechanisms. In addition, as a private citizen, engineer, educator and a registered Republican, he voiced support for the government "streamlining" that Governor Murkowski

is furthering; however, as a foster parent, he stressed that education should be considered as the top priority. He stated that children are not only the future of the country, but also of the State.

BING SANTAMOUR, testified via teleconference from Bethel as a citizen and resident of Bethel, against reduced funding for postsecondary funding as it would negatively affect the quality and quantity of postsecondary education and would, in addition, negatively affect the opportunities of citizens and would result in an increase in unemployment.

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DON ROBERTS JR. testified via teleconference from Kodiak and voiced displeasure with the actions of the State's elected Republican legislators.

Senator Bunde suggested that the testifier consider running for an elected office as, by doing so, he could thereby offer his services and ideas.

PATT GIBBS testified via teleconference from Kodiak against the proposed decrease in funding for student transportation, as he contended, the providing of transportation is required under the State's Constitution. In addition, she voiced support for the continued appropriate funding level of Learning Opportunity Grants.

BETTY WALTERS, Superintendent, Kodiak Island Borough School District testified via teleconference from Kodiak to urge that the base student foundation funding formula, the Learning Opportunity grants, and pupil transportation be fully funded at the appropriate levels.

MARY FORBES testified via teleconference from Kodiak in support of education funding. She stated that the reason she has remained living in Kodiak is because of the quality of life, to which, she attested, educational opportunities are a contributing factor. She stated that she would forego her Permanent Fund Dividend to support education. Furthermore, she voiced support for a State income tax and/or an education tax.

MERI HOLDEN testified via teleconference from Kodiak to state that she has lived in Kodiak for 29-years because of the quality of education and the quality of life that the area offers. She urged for full education funding, inflation proofing, an increase in the

base student foundation formula, and full funding for transportation, opportunity grants, and community schools. She suggested that a statewide tax be implemented to support education as, were it short-funded, the quality of education would suffer and the State would be negatively affected. She voiced support of an income tax or a school tax, "or whatever it takes" to properly fund education. In addition, she stated that further funding reductions would force school programs to be eliminated, would result in further staff reductions, and would force such things as the school pool to be close.

CAILEY STEVENS, Seventh Grade Kodiak Middle School Student, testified via teleconference from Kodiak and urged for continuing support of education funding as, she attested, students must be challenged and education must be enhanced by the offering of expanded programs such as music, physical education, swimming, advanced classes, and a quality teaching staff.

VALERIE WHITE, Educator, Kodiak Middle School, testified via teleconference from Kodiak to voice concern that, in the past thirteen years, the base student foundation funding formula has increased only \$190.63 for a 3.56 percent overall funding increase. However, she stated that during that same amount of time, inflation has been 36.6 percent. In addition, she noted that during this same time period, the State's contribution to the total annual school budget has decreased from 79.55 percent to 60.62 percent. She stressed that flat funding of education and the lack of proper inflation proofing measures are not allowing schools to keep up with the rising expenses of property insurance, health insurance, and fuel costs, and she stressed, it is harming schools' ability to provide new textbooks and to meet new federal and State education requirements such as the No Child Left Behind mandate. In addition, she stated that funding to upgrade and replace such things as school equipment, furniture, and carpets is not available. She declared that students are not being provided the education they need, and she concluded that, in order to support education, she would "gladly" pay a State income tax as proposed in SB 137. However, she stressed that were a tax imposed, it should be equitable across all income levels.

BETTY O'DELL, Member, Kodiak School Board, testified via teleconference from Kodiak, and urged for full funding for schools and pupil transportation. She stated that declining student enrollment, combined with increased expenses resulting from such things as rising fuel costs and property insurance, as well as the requirements set forth by the No Child Left Behind Act are resulting in increased class sizes of between 35 to 40 students. Larger class sizes, she stressed are harder for teachers to teach

and make a more difficult learning environment. She urged that the Legislature "explore other avenues" such as a State income tax or State lottery to fund education.

PAT CARLSON, City Manager, Kodiak Island Borough, testified via teleconference from Kodiak to stress that people in Kodiak are "extremely concerned about preserving the level of quality in education" for their students. He stated that the local government is contributing the maximum allowable financial support toward this goal, and now, he attested, the community requires the assistance of the Legislature to further these endeavors. He stressed that the size of a community is a major factor when determining its cost per capita debt commitment in its participation in the State's bond proposal to upgrade or build new facilities, and, he stressed that a small community's commitment toward this endeavor could negatively impact its budget. He urged that, when addressing the bond issue, the State would also address municipal revenue sharing as it has a major affect on small communities' budgets as "they don't have the money, the resources, or the tax base to absorb" large municipal revenue sharing reductions. He suggested that a "floor be established" and that a "hold harmless bottom" be identified. He concluded that the State should develop a fiscal plan, and he attested "that folks are willing" to contribute to the State's budget.

WAYNE STEVENS, Executive Director, Kodiak Chamber of Commerce, testified via teleconference from Kodiak and spoke to the importance of providing children with good educational opportunities by exempling a Junior Achievement (JA) Program he had utilized while teaching his fourth grade JA program. He explained that in the program, economy is defined as a system of using and taking care of natural resources, human resources, and capital resources. He submitted that, we as a State must take care of our human resources by providing them with a quality education. He declared that it would be cheaper to provide a quality education per capita than it would be were these youth negatively affected and perhaps incarcerated because of their inability to find gainful employment and other activities after high school. He voiced support for full funding of the base student foundation formula for local schools and for full funding for the University. He stated that the Kodiak Chamber of Commerce would be submitting a letter in support of full funding for education.

MIKE MILLIGAN testified via teleconference from Kodiak and stated that he is pleased with the administration of the State's public school system. He noted that during his tenure on the Kodiak Island Borough Assembly, he voted to raise taxes, "and the sky didn't fall in." He factiously exemplled that Alaskans have gotten and continue

to get "a free ride" at the state and national level. He stated that instituting an income tax "is not a bad thing," and he shared that the state of Mississippi has a higher funded school system and a higher gas tax than Alaska. He reminded the committee that Alaska used to have a sales tax. He stated that Alaska must become a progressive State, and he urged the Committee to "please send the State in a different direction."

JERRY KAINULAINEN, [indiscernible] Specialist, Southeast Alaska Independent Living, and Member, Governor's Committee on Employment and Rehabilitation of Persons with Disabilities, testified via teleconference from Sitka, and spoke to the value of Independent Living Centers. He shared the Center's national mission statement as follows: "Assistance to persons with disabilities is accomplished by providing information advocacy, independent living skills training, peer support, and services that allow persons with disabilities to live outside of an institution, to move toward independence and employment." He stated that it is a very cost effective program when considering that, for an approximate annual cost of \$43,000, a person with disabilities could live independently as opposed to living in a nursing home at an approximate annual cost of \$130,000 per person. He stated that the Center has been successful in transitioning several persons out of nursing home care to "living independently in their own homes in their own communities." He stated that were the proposed budget reductions to this program adopted, two centers would be forced to close and seventeen persons with disabilities would not be transitioned from a nursing home to their own home. He stated that this would incur a \$1.5 million expense to the State. Furthermore, he attested that 49 individuals would be forced to move into nursing homes at a cost of approximately \$4.4 million. He stated that this is evidence that Independent Living Centers are cost effective programs, and he urged that the proposed funding reductions be reinstated to the program.

JOHN HOLST testified via teleconference from Sitka regarding "the current under-funding of the bonded indebtedness issue, which is of particular interest to Sitka as it recently adopted a referendum to build a new auditorium, based on the fact that there was going to be 60 percent funding from the State." He stated that the auditorium is a serious matter, as it has been needed for forty years, and he continued that were the bond program changed, the project would be placed in jeopardy. He stated that the Legislature's change of position, within a six-month timeframe "is bothersome in that a promise made is a promise kept." He voiced being "mildly appalled" at this change of events.

JOHN FERRICK, Volunteer Digital Media Teacher, Sitka High School,

testified via teleconference from Sitka regarding the bond indebtedness issue. He stated that voters "constantly renew" their commitment to education by approving these programs, strictly based on the Legislature's promise to support the program. He stated that the prospect of the Legislature reducing the funding of the bond indebtedness program is unsettling, and he suggested that, were plans afoot to reduce the program's funding, it should "only apply going forward" to any bond project that would be approved after the Legislature makes this decision.

SHARYN FERRICK testified via teleconference from Sitka and voiced distress regarding the possibility that the Legislature might change its mind in regards to funding, at the 60-percent level, a local auditorium project that people in the community approved due to their understanding that this would be the level of the State's obligation under the bond indebtedness program. She stated that were the State's obligation to lessen, then it would appear that once a politician is elected, "then the public falls behind." She urged the Legislature "to live up to its word" regarding what was initially voted on during the statewide election and represent the wishes of the people. She stated that the recently approved auditorium is critical to the Sitka community.

JEAN FRANK testified via teleconference from Sitka and spoke in concern regarding the proposal to reduce funding for the Tobacco Cessation and Prevention program. She stated that an investment in tobacco control saves lives and dollars. She likened the tobacco control program to building a fence along a raging river to prevent people from falling in and drowning.

TOM CONLEY, President, Sitka School Board, testified via teleconference from Sitka and stated that the community is "discouraged" about the proposal to further reduce education funding, as he stated, the Board was already approaching their budget under the auspice of operating within the previous year's reduced funding levels. He stated that the proposed reduction to education and pupil transportation would serve to "seriously cripple schools" and would thereby serve to eliminate more teaching jobs and induce other budget "paring." He stated that, "it is unfathomable" how we, as a State, do not support our children, as Alaska has one of the lowest levels of state taxes in the nation and has "lots of money in the bank." He concluded that, were a State tax required to support education, then "so be it."

Senator Taylor voiced support for the testifier's comments. He also noted, in response to the prior testimony regarding the Tobacco Control Program that he has fought hard to retain the twenty percent of the Master Tobacco Settlement that was allocated toward

Tobacco Cessation and Prevention programs.

SUSAN SCIABBARRASI testified via teleconference from Wrangell and reminded the Legislature and the Governor that recent election campaigns focused on the need to provide good public education in the State. Therefore, she urged the Committee to provide "adequate and equitable funding for education." She stressed that this should include providing adequate funding for the learning opportunity grants, pupil transportation, debt reimbursement, and community schools funding. She stated that the City of Wrangell financially supports its education system to the fullest allowable level through such means as imposing the highest tax rate in the State. However, she attested, education mandates such as the No Child Left Behind, inflation, and other expenses continue to force program and teacher reductions. She stated that further reductions in the City's revenue budget would negatively affect the local monetary support of schools, as currently one-third of the school district's budget is attributed to City contributions.

ROBERT PRUNELLA, Former Schoolteacher and Administrator, Current City Manager, City of Wrangell, testified via teleconference from Wrangell and informed the Committee that the City, like other communities in the State, "is on the verge of imploding" as it has lost a third of its population and its logging and fishing resources are declining. He noted that while the State is attempting to balance its budget by implementing such things as more taxes, user fees and program reductions, these moves would further damage the City. He stated that a decision must be made to seek other revenue sources, specifically to further discussions regarding making Alaska a resource-based State in order to create jobs and to promote industry.

URLINDA KENDALL VORGEES, Wrangell Resident and Student, Alyeska Central School (ACS) Correspondence Program, testified in Juneau, and stated that were the ACS program eliminated, her ability, as a senior, to graduate by the end of the school year, would be placed in jeopardy. She stated that not only is this program the only accredited correspondence program in the State, it is the only one that accommodates students with special needs. She stated that of most importance to her is the quality of the program's 25 teachers. While she agreed to the elimination of its summer school program, she besieged the Committee "to keep ACS open for one more year" in order to allow the school to regroup as perhaps a charter school, and to allow students to transition from the program.

Co-Chair Wilken replied that discussions to this effect are occurring.

LINDA VORGEES, Wrangell Resident and Parent of Alyeska Central School Student, testified via teleconference in Juneau, and advised that other than the expense associated with operating the ACS summer school, closure of ACS would not save the State money. She voiced that ACS "is a wonderful and unduplicated" program and is the only accredited correspondence program in the State. Furthermore, she shared that one of the accreditation requirements is that each teacher, at the high school level, must possess 21 credit hours in the subject they teach. She stated that ACS offers "a safety net" to students at risk of dropping out of school. She requested that "to not breach" the agreement with the parents of youth enrolled in ACS, the school must be kept open until August 2003, and she urged that the school be allowed to operate, for at least one more year, to allow parents and students to regroup. She also suggested that legislation be authorized to allow ACS to be recognized as a new independent school district.

Senator Taylor asked the testifier to describe where she resides.

Ms. Vorgees stated that rather than being on a road system, her home is approximately a three-mile walk down a shoreline and that, due to its remote location, access to a school is prohibited in the wintertime. She avowed that the ACS program was created, in 1949, to provide for the educational needs of families such as hers, and she assured the Committee that the need for this type of program continues.

Senator Bunde opined that while the State currently has approximately 53 school districts, "educational judgment" would allow that half of that number would be sufficient. Furthermore, he noted that additional administrative expenses would negatively affect classroom funding.

Ms. Vorgees understood the concern, and noted that a district reduction would be helpful to the State. However, she stated that the creation of a new district to accommodate ACS would continue to be on "the Christmas Wish List."

LAURIE BERGREN, Parent and Member, Petersburg School Board, testified via teleconference from Petersburg to attest to the harm that would be incurred were school district funding to be further reduced. She shared that staff and course offerings have already been negatively affected, and that in addition to being required to provide for mandated programs, lower funding, combined with the

increasing costs of such things as retirement benefits and fuel would continue to erode the quality of education being provided.

SHERI WIKAN, President, Petersburg School Board, testified via teleconference from Petersburg to share with the Committee the staff and program reductions that the Petersburg school system has already experienced due to budget shortfalls. In addition, she voiced how difficult it is to plan a budget when the level of funding from the State and the City are unknowns. She asked that the Legislature provide some "stability" to the education system in the State.

MARILYN MENISH-MEUCCI testified via teleconference from Petersburg and voiced dismay that the Legislature, after the recent election campaigns that focused on supporting education, is proposing to reduce education funding. She stated that pertinent programs are being eliminated in the high school due to budget shortfalls, and she urged the Legislature to adequately fund education in order to prevent education from "going backwards."

JOHN BRINGHURST, Parent, Local Businessman, Former School Board Member, testified via teleconference from Petersburg to attest to the "overall devastating" harm that would result from a consistent, gradual reduction in school funding. He shared that from a business point-of-view, the ability to attract new people to a community is enhanced by such things as a good hospital or school system, and now, he stated insufficient funding is negatively impacting these community attributes. He urged that other options, including elimination of the Permanent Fund Dividend program, should be scrutinized before further school short funding occurs.

JIM SCHWATZ, Teacher, testified via teleconference from Petersburg and voiced concern regarding the reduction in educational opportunities that are being provided to youth today as compared to the education he had received as a student in Petersburg. He voiced disbelief that elected officials are "blind" to the needs of students. He stated that further education funding reductions would begin a downward spiral that the State would regret, as it would serve to undermine people's desire to remain in the State. He urged that "this trend" be reversed.

Senator Taylor voiced that, of the Committee members, "for the last four years, nobody has worked harder to get education funding increases passed through this Legislature" than Co-Chair Wilken and himself. He stated that he is proud of the fact that education received "a greater increase in funding than inflation was running at the time," and in the fact "that it was the first time that any significant increase in funding was approved in a long time."

Continuing, he applauded local efforts to further control rising education costs by reducing local expenses between seven and 30 percent, and he understood that further reductions would be incurred, even were State funding maintained at the FY 03 level. He voiced concern; however, that continued reductions in education funding would "destroy the whole program."

DONNA MARSH, Parent, and Member, Petersburg School Board, testified via teleconference from Petersburg to voice concern about the erosion of education funding as expenses such as property insurance, are surpassing funding allocations. She stated that continuing to reduce education programs is negatively affecting the quality of education being provided. While she appreciated Legislative efforts, she avowed that further State assistance would be required.

GARY PAXTON, Interim City Administrator, City and Borough of Sitka, testified via teleconference from Sitka, regarding the State's obligation to pay 60-percent of the General Obligation (GO) bonds to pay for the Sitka auditorium and school upgrades. He stressed that the State's reneging on its commitment would create a credibility issue. Furthermore, he stressed that the citizens of the State must contribute to generating a revenue stream for State expenses such as education.

STEVE BRADSHAW, Sitka School District, testified via teleconference from Sitka to explain how "painful" it was to reduce teaching staff in local schools during the previous budgetary process, and he attested that were the Governor's proposed education reductions furthered, the City would be required to again reduce staffing levels. He stated that this would result in larger class sizes and limited programs. He stated that alternate revenues sources must be identified, as "better" State funding must be forthcoming

FRED REEDER, Mayor, City and Borough of Sitka, testified via teleconference from Sitka and voiced agreement with the testimony of Gary Paxton who specified that Alaskans should pay for the services that are provided to them. He urged the Legislature to look to the State's citizens for help, and he shared that Sitka would be looking to its citizens for help. He addressed the GO Bond issue as a covenant between the State's citizens and the State government in that voters "overwhelmingly" approved the issue. He continued that, for the Legislature to alter the approved program, "is a break in faith." In conclusion, he asked that the Legislature provide funding to support important and mandated programs, such as education.

Senator Taylor agreed with Mr. Reeder's comments. He asked the

consequences to the City and Borough of Sitka's FY 04 budget were current State funding levels maintained or reduced.

Mr. Reeder responded that were the current level maintained, an eight percent budget reduction would be anticipated. Further State funding reductions, he continued, would negatively impact the budget another two percent.

Mr. Reeder pointed out that "had the City not stepped up to plate," the school district "would be in a world of hurt" as, he noted that approximately 50 percent of the school district's budget could be attributed to the City. He noted that every community in Alaska is facing the dilemma of adequately funding its school district within the allowable funding parameters dictated by State law.

Senator Taylor acknowledged Co-Chair Wilken's efforts in support of increased education funding. Nonetheless, he noted that even with the adoption over-the-years of legislation to assist with school funding, he asserted that the FY 04 proposed budget reductions, in addition to reduced State base student foundation formula funds due declining enrollments, would have a "devastating impact" on the school districts that have testified during this meeting. He stated that the budgetary numbers being presented by these communities, as opposed to the hardships attested by other school districts, reflects the "real" situation being faced.

Co-Chair Wilken acknowledged that other Alaskan communities, such as Kenai, are also experiencing foundation formula funding reductions due to declines in student enrollment.

Senator Hoffman acknowledged the Members' efforts exerted in support of education funding.

The following testifiers testified in Juneau.

NICHOLAS GROSSKRUTH, Student, University of Alaska Southeast, shared how he has personally benefited from the services provided by the Southeast Alaska Independent Living Program, and he urged for continued support of the program and the services it provides to enable people to live independently.

JENNIFER LOESCH, Student, University of Alaska Southeast, informed the Committee that after graduation from high school in Petersburg, she attended a university in Texas for one year, where she stated she was identified by her student identification number rather than by her name. She shared that as a recipient of the Alaska Scholars program, she decided to return to college in Alaska. Now, she attested, she is involved in University life and is enjoying small classes and a "tremendous academic program." She shared her plans

to remain in the State after she earns her college degree, and she urged the Committee to support the funding request of the University.

CHRISTIN HOWARD, Transfer Student, University of Alaska Southeast, spoke in support of University funding. She stated that, although the campus is much smaller than the school she previously attended, it offers more, "educationally and socially." She praised the school's program that is allowing her to earn her "Masters Degree in Education in only one year." She attested that the small class sizes and student activities are attributes; however, she shared that were programs, classes, and staff eliminated or reduced due to budget reductions, she would be required to leave the State to pursue her education, and, furthermore, she stated that the school's ability to attract out-of-state students would be curtailed.

RYAN GREEN, Third-Year Out-of-State Student, University of Alaska Southeast, testified in support of full funding for the University as, he attested, recent years' funding support has allowed the University to expand its facilities and its course offerings. He stated that these "immense changes" have made the University "full of life" and full of students.

ERIC MORRISON, Student, University of Alaska Southeast, urged that the University be fully funded, as, he attested, it is difficult to understand why funding opportunities are in peril, as they assist in providing a better quality of life. He stated that "education is the key to the country's and world's salvation," and serve to defeat ignorance and ideologies that contribute to world problems. He characterized the improvements afforded to the University by recent years' funding as good; however, he stressed that, with continued adequate funding the University could achieve "greatness." He encouraged the Committee to revisit the decision to reduce community school, K-12, and University funding, and to "do the right thing" for the futures of youth, Alaska, and the nation, by fully funding education.

Senator Bunde commented that the State is spending more than its budget allows; therefore, he requested that testifiers include program funding source suggestions in their testimony.

JOYCE KITKA, Representative, Alaska Association for Community Education, informed the Committee that, for \$500,000 a year, Alaska's community schools' staff and volunteers provide 20,000 activities for 464,000 children and 390,000 adults. She attested that the program "is not a luxury," and she exemplified parenting programs and after-and-before school childcare programs as being

representative of the types of programs and services being provided to people. She urged the Committee to fully fund community schools, K-12 and University education. She suggested that Committee Members visit a local school program to witness and understand why funding educational programs is so important. In addition, she voiced support for implementation of a State income tax.

MARIE DARLIN, Capital City Task Force Coordinator, AARP Alaska, spoke, on behalf of the organization, in opposition to the proposed elimination of the Longevity Bonus program. She stated that the primary purpose for establishing this program was to keep people in the State, and she specified that every dollar distributed to seniors through the Bonus program "turns over at least twice" in the State's economy. In addition to the economic impact of the program, seniors living in the State contribute a tremendous amount of volunteer and caregiver hours. Furthermore, she noted that due to recipient deaths, the cost of the program is decreasing by more than three million dollars per year and would gradually be phased out. She urged the Committee to leave the program alone, as it, in some cases, provides approximately ten percent of some individuals' income.

Ms. Darlin, in addition, urged for funding support for community schools, K-12 and University education, the State Museum, State Historical Library, State Archives, and the Shelton Jackson Museum.

ROSALEE WALKER, Representative, Older Persons Action Group and AARP Alaska-Juneau Chapter, spoke in opposition to the proposed elimination of the Alaska Longevity Bonus Program, as the funding support is important to senior citizens. She stated that, in response to Senator Bunde's request for funding suggestions, the program already existed in the budget and that it should simply be reinstated.

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Ms. Walker continued that the Administration's proposal to eliminate the program was implemented "in haste," and that vital information was not provided to assist in the decision making process. She assured the Committee that Alaska's senior citizens are cognizant of the State's fiscal dilemma and "that AARP works diligently with all levels of State government in reaching effective solutions to budgetary problems." She asserted that the Administration's swift action to eliminate the Longevity Bonus program did not allow sufficient time to thoroughly investigate "alternative strategies that could be easily implemented in order

to avoid a disastrous and devastating situation for a most vulnerable portion of Alaska's population." She stated that seniors were not included in the discussion process, and she stated that arguments in support of the Bonus program elimination are unreasonable. She asked that senior citizens be provided an opportunity to work with the Legislature and the Administration to determine a more acceptable alternative.

SAM TRIVETTE, President, Retired Public Employees of Alaska, requested, on behalf of the members of the organization, that the Longevity Bonus Program be restored in the FY 04 budget, as its elimination would severely impact its recipients. He noted that the majority of the program's recipients are women, 75 years of age or older who have "some of the lowest retirement incomes and some of the highest medical expenses" of the State's citizens. He stated that the loss of the Bonus program might result in many of these senior citizens being required to leave the State in order to receive care. Furthermore, he stated that local businesses would be harmed by the elimination of the monthly payments, as this would effectively remove approximately \$94 million worth of economic benefits to the State.

Mr. Trivette also requested that no changes be imposed to the GO Bond indebtedness language that was recently approved by the citizens of the State, as it would negatively affect locally approved projects. He voiced support for the continuation of ACS as it is only accredited correspondence program; and urged for full funding of the University as it is a positive presence in the State and in retaining Alaskan students.

NANCY ANDISON testified in support of the Independent Living Grants program through which she and numerous others have received assistance.

MARC WHEELER, Member, City & Borough of Juneau Assembly, voiced concern regarding the proposed changes to the school bond proposition as he noted that any funding changes might negatively affect the community's ability to build a new high school. He noted that 70-percent of Juneau's voters approved the November 2002 Statewide ballot bond proposition, even though no Juneau projects were identified in it. He also voiced support for a State income tax.

JIM CARROLL, 37-Year Juneau Resident, Member, AARP Alaska, and President, Retired Teachers Association-Juneau Chapter urged the Committee to adequately fund education, as he pointed out that people are the State's greatest resource and they should be provided a quality education. In addition, he urged that the

Longevity Bonus Program be allowed to terminate as currently specified.

DANIEL PETERSON, Member, City & Borough of Juneau Board of Education, and Student, University of Alaska Southeast, stated that education should be a top priority in the State. He pointed out that the proposed FY 04 budget reductions for K-12 education would trigger an \$800,000 budget loss to the Juneau school district, primarily due to the proposed funding for pupil transportation, which he described as a "fixed cost." He stated that being obligated to provide transportation funding at the local level would remove funding from all budget components, and from teaching positions in particular. Therefore, he urged that full pupil transportation funding be restored. Furthermore, he stated that the proposed ten-percent reduction in the bond indebtedness program would harm communities, on a statewide basis, that have projects in progress. He stated that the proposed education reductions are contrary to the education mandates being implemented such as the federal No Child Left Behind Act.

Senator Taylor asked the total City and Borough Of Juneau school district budget.

Mr. Peterson responded that the budget is approximately \$35 million.

PAUL DOUGLAS stated that, as a parent of an adult son with multiple disabilities, he is urging that the proposed 42.7 percent funding reduction to Centers for Independent Living be restored, as were it not, services to individuals would be prohibited. He stated that the Administration's position that the program be self-sufficient is unrealistic, as the federally funded State Independent Living Council Executive Director position, through which key grant writing is done, has been eliminated by State Administrators. He wondered why this decision was made, as he attested, the elimination of the position would not benefit the State. Continuing, he stated that the House of Representatives Finance Committee has recognized the importance of the program and has restored the majority of the program's FY 04 funding. He "respectfully requested" that the Senate Finance Committee do likewise. In summary, he provided information attesting to the personal and financial benefits derived from allowing disabled individuals to independently live in their own home as opposed to receiving institutional care. He stated that the "math is compelling," and, he attested, that eliminating these funds would serve to increase costs to the State elsewhere.

Senator Bunde, Chair of the Senate Labor & Workforce Development

subcommittee, noted that, while the Senate Labor and Commerce Committee restored \$300,000 to the budget, a \$318,000 shortfall remains.

Senator Hoffman asked for further information regarding the intent of the Senate Labor and Commerce funding.

[Note: Senator Bunde's response was indiscernible.]

Mr. Douglas noted that some of the program's federal funding is earmarked for specific programs.

Co-Chair Wilken assured the testifier and the Committee that Co-Chair Green is working on this issue.

EARL CLARKE, Employee, Independent Living Center, informed the Committee that continuous efforts are being made by the Center to identify people who could be transitioned from living in a nursing home to living independently in their community. He stated that assisting people in this manner has saved, and would continue to save, the State a tremendous amount of money. Therefore, he urged the Committee to support Independent Living Centers as he declared that, "money put into this program is generating a lot more savings than one would think." He stated that "the simple answer" to the State's budgetary problem, is to allow Alaskans "to pay some additional taxes because we do not want our care system or our people decimated by a budgetary tool."

Co-Chair Wilken stated that Committee Members have been provided a packet [copy on file] from the Alaska Municipal League that the following testifier might reference.

KEVIN RITCHIE, Executive Director, Alaska Municipal League, voiced appreciation for the Member's efforts to address the State's fiscal crisis, and he acknowledged Senator Taylor's remarks regarding the efforts exerted by communities to contain expenses and address local funding issues. He stated that the aforementioned packet contains information regarding how 60 communities are addressing the State's "spiraling economic decline." He noted that issues being addressed include how to maintain and provide for such things as utilities and education infrastructure in light of declining population and student enrollment. He stated that the good news is that the communities are working with the Administration to address revenue and spending issues in an efficient and creative manner.

Co-Chair Wilken agreed that the willingness of the Administration to work with municipalities would be beneficial.

Senator Bunde asked whether the Alaska Municipal League has taken a position regarding HB 11 which would reduce the State's contribution to the Permanent Fund from the current 50 percent of such things as mineral lease rentals, royalties, royalty sale proceeds, and net profit share revenues to the constitutionally mandated 25 percent.

Mr. Ritchie informed that the League has not, of yet, taken a position on this legislation; however, he noted that the League would be meeting with Governor Frank Murkowski to discuss this and other issues.

Senator Taylor recalled that several communities testified that their insurance expenses have risen dramatically, and therefore, he inquired as to whether the Alaska Municipal League (AML) joint insurance arrangement (JIA) "significantly increased its premiums" to cities. In addition, he asked whether the joint insurance arrangement for schools' premiums have increased.

Mr. Ritchie responded yes, that both joint insurance arrangements have experienced "massive increases in the cost of re-insurance and were forced to pass" that increase on to municipalities and schools. He noted that both of these Alaska-based organizations with Alaska-based assets were able "to blunt some of the impact."

Senator Taylor asked regarding the percentage of the increase.

Mr. Ritchie responded that he did not have that information.

Senator Taylor clarified that the increase could be attributed to the cost of re-insurance as opposed to the cost of claims.

Mr. Ritchie concurred.

Senator Taylor asked whether the AML is advocating, like numerous others, that such things as the Permanent Fund's earnings or instituting taxes be used to address the State's budgetary shortfalls. Continuing, he asked whether anyone is furthering the idea of resource development as a funding mechanism, as he declared, that he would cut and sell every tree in the State before he would opt to reduce funding to such things as the Independent Living program or to education.

Mr. Ritchie voiced support for furthering resource development.

KACI HAMILTON, President Elect, University of Alaska Southeast, stated that he had recently moved to Alaska from Jamaica, and he applauded the quality education and the willingness to assist

students that the University's teaching faculty demonstrates. He stated that funding is important to the continuance of the University's attributes.

NELI NELSON, Environmental Science Major, University of Alaska Southeast, urged the Committee to fund the University. He showed the Committee some of the water sampling experiments that are being conducted, and he voiced that adequate funding is required in order for the University to continue to offer and expand the environmental science program. He voiced that "he was blown away" by Senator Taylor's declaration that he would cut down every tree, as he attested, that "is not the answer."

Senator Taylor stated that he "firmly believes that these resources are here" in order to provide some funding to meet the needs of the citizens of the State. He stated that were access to these resources denied, then all that would remain would be "the back pocket of every working man in this State," and he continued that without a resource base, jobs would not be available for long. He stressed that people need jobs to survive, and that he would utilize every resource in the State before he would deny people access to assisted living programs or to an education. He attested that Juneau was created because of mineral resources, and that other communities in Southeast also depend on resources.

JONATHAN SMITH, High School Biology Teacher, Juneau School District, stated that rather than the two previous individual's "extreme" positions regarding resource development, he described himself as a moderate who realizes that the State must develop its resources, especially mining and timbering in Southeast Alaska; however, he noted that "controlled development" must be implemented in order to avoid "polarization" of people. He suggested that "the right thinking and the right heart" should be present when making decisions, and he attested that not every tree must be cut down to provide for jobs and that such things as buffer zones should be designated to protect streams. He noted that in addition to resource development, sales taxation is also an option; however, he stated that consideration must be given to not taxing to an extreme level and that, again, "moderation is the key."

Mr. Smith continued that, as chair of the Southeast Alaska State Science Fair, which is one of only two science fairs conducted in the State, he spoke in support of retaining rather than eliminating the Department of Environmental Conservation laboratory in Juneau as it provides equipment support annually to the student science fair projects. He stated that contrary to Governor Murkowski's explanation that the laboratory provides "redundant" equipment; the equipment is not redundant to students in Southeast Alaska. He

noted that without the support of this facility, the Juneau science fair winners would not be able to compete and win at the national science fair as they have done in the past.

ANDREA DOLL, Teacher, stated that she is testifying out of concern for the State's youth, its values, and its expenditures. She urged the Committee to not "take services from those who already have so little and who need them the most," particularly the State's youth. She shared that, in her teaching experience, she has worked with youth who have grown up without a parent to pick their pre-school or to help them with their homework or to read to them and provide other guidance. She stated that, while the State, like individuals, must make decisions regarding where to spend its money, she voiced that the State should spend its money to save the youth of the State rather than to put them in places such as "detention centers to contain them." She voiced confidence that the Legislature would provide support to youth that would assist them in finding "their rightful future." She voiced strong support for a State income tax.

BOB BRIGGS, Staff Attorney, Disability Law Center, accompanied by his stepdaughter, ALANA DULUSKI, distributed a copy of the testimony [copy on file] that he had presented on behalf of the Disability Law Center before the House of Representative in support of funding for Independent Living Centers (ILC). He urged the Committee to increase the proposed funding levels for the ILC and, in addition, he requested that the program be transferred to the Department of Health and Social Services and that the ILC coordinator position be funded.

Mr. Briggs urged the Committee, on behalf of himself and his family, to fund the Alyeska Central School and "to consider the human impact of its closure." He stated that Alaska has several very small schools with limited teaching staff, and he questioned the desire to eliminate ACS's "very qualified teaching staff," particularly in light of recently enacted federal No Child Left Behind Act. He declared that the Legislators are "the champions of education," and as the policy makers of the State, he urged them to persuade the Governor to not follow through on his proposal to eliminate ACS.

Mr. Briggs suggested the following program funding mechanisms: that the ILC be awarded half of a percent of the savings generated from allowing people to live independently rather than in nursing homes; that a percentage of the funding allocated to a school district be awarded to ACS for each child enrolled in ACS from that district; and that an income tax and the Permanent Fund be used to fund State government rather than imposing higher gasoline taxes or other user taxes that might disproportionately affect low and fixed income

individuals.

LISA HOFERKAMP, Chemistry Professor, University of Alaska Southeast, urged for continued funding of the State Laboratory in Juneau as the facility and staff provide "critical" and "integral" support to the environmental science programs offered by the University. She stated that the laboratory and its professional staff are an asset to the University, and its closure would hinder State and University efforts. She noted that the environmental science program is very popular and attracts numerous out-of-state students.

PEGGY COWAN, Superintendent, Juneau School District, supported Mr. Peterson's and Mr. Wheeler's comments in support of education. She declared that teachers and support staff work hard to provide students with a quality education, and that reduced funding would negatively affect these efforts. In addition, she characterized flat funding as a decrease in funding due to the district's fixed expenses such as the recent 300 percent increase in insurance premiums. She stated that the Governor's proposed budget "would cripple" the district's ability to do its job and provide a quality education system as mandated in the State's Constitution. She stated that the Juneau Board of Education is urging for: an increase in the base student foundation funding formula in order to protect the purchasing power of the educational dollar; to restore pupil transportation funding as reductions in this funding would result in fewer teachers rather than in savings in transportation expenses; and for the restoration of the learning opportunity grants which are used to assist students who are not meeting the State's mandated standards. She also voiced support for the restoration of the full level of bond debt reimbursement, and voiced support for the continuation of the Department of Environmental Conservation laboratory, as it is part of the district's student support system.

Senator Hoffman asked the testifier for funding option suggestions.

Ms. Cowan voiced that a balanced approach should be implemented, and in support of such, a State income tax should be considered, "as it is the most fair." She also noted that other revenue sources should be identified.

Senator Bunde commented that there are those who believe that parents' Permanent Fund Dividend (PFD) checks could be retained to support the high cost of education.

Senator Taylor inquired as to whether the 300-percent insurance increase is the amount charged through the Joint Insurance

Agreement pool or through a private insurance carrier.

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Ms. Cowan responded that she is unsure.

Senator Taylor asked the Superintendent to provide him with further information regarding school insurance fees.

CATHY CONNOR, Geology Professor, University of Alaska Southeast, informed the Committee that the University "already" generates money from logging that is conducted on University lands. She stated that these funds once supported program research, but now support the Alaska Scholars program which helps keep Alaskan students in the State. In addition, she noted that the tuition generated by attracting more in-state and out-of-state students provides funds to the University. She voiced support for a State income tax, and she also suggested that communities such as Anchorage incorporate local sales taxes. She stated that currently, the University is playing "a shell game" with its financing. She also urged for the continued funding of the State Laboratory in Juneau as the science programs at the University depend on the facility to support a variety of programs.

TOBIN COATE, Student, University of Alaska Southeast, voiced that he supports resource development and, he stressed that Alaskans should manage those resources. He shared his family's education and work history, and he urged the Committee to fully fund the University in order to retain and attract students to the State.

JEANNE FOY, Teacher, Alyeska Central School, stated that closing this correspondence program would not save the State money. She noted that while eleven school districts offer Statewide education programs, they differ from ACS in that they provide home-school support programs. She stated that elimination of ACS would deny Alaskan families a choice of educational programs.

Co-Chair Wilken asked Ms. Foy to provide his office with a short explanation regarding the meaning of accreditation as it applies to ACS, as he noted that Legislators might benefit from this information.

Senator Hoffman asked for suggestions regarding how to fund the ACS program.

Ms. Foy reiterated that the State would not be saving any money as

the State's student foundation formula funding "follows the student," and therefore, were ACS eliminated, the funding would shift to whatever district the student enrolled in. She attested that correspondence and home school programs cost the State less money per student as these programs are allocated a lesser amount than that allotted to brick and mortar schools. She furthered that were the Department of Education and Early Development to fund the statewide home school support programs in the manner that they fund the ACS program, nine million dollars would be saved on an annual basis.

JIM DOUGLAS, Professor, University of Alaska Fairbanks and Southeast Alaska and Kodiak 4-H Agent, and the Cooperative Extension Service Program Agent, informed the Committee that because of reduced funding over the years, numerous Cooperative Extension Service instructors have been laid off, and he stated that the State cannot afford this "brain drain" to continue. He stated that inadequate funding is harmful in that these programs lose a vast amount of pertinent information when staffing is reduced.

CECILEA MILLER, Teacher, Alyeska Central School, affirmed that the base student foundation formula funding travels with the student to whatever State education program a student enrolls in. She urged the Committee to adequately fund K-12 education, including pupil transportation and the school bond debt reimbursement program. In addition, she questioned Legislative action regarding the increase in University tuition fees, as she understood that an agreement was in place whereby the State "would split the cost that the University needed for funding," whereby half would be raised by tuition and the other half would be provided through the Legislature. In conclusion, she stated that the following week, she would be attending a seminar regarding school accreditation and that upon her return, she would be happy to share updated information with the Committee.

Senator Taylor voiced that, no matter what type of State correspondence program a student enrolled in, the base student foundation formula funding would equal 80-percent of traditional school funding. However, he continued, that the costs to the State would be five-fold were those same students to enroll in a school, for example, in Bethel.

Ms. Miller voiced that this was also her understanding. Furthermore, she stated that correspondence programs, such as ACS, provide learning opportunities to students with health issues or who are traveling, in addition to allowing other students an opportunity to transition back to a brick and mortar school. She

concluded that elimination of the ACS summer program would provide savings to the State.

Senator Hoffman asked for suggestions as to how the State could address its fiscal gap.

Ms. Miller responded that her sister, who is a teacher in Kansas, has no sympathy for the State's financial crisis as the sister contends that the State has money as attested by its annual Permanent Fund Dividend disbursements and the fact that the State, unlike the State of Kansas, has no income tax, property tax or sales tax legislation. Ms. Miller stated that perhaps it is time for the citizens of the State to pay for what they need.

Co-Chair Wilken asked the testifier to work with Ms. Foy to provide an explanation, in layman's terms, as to what accreditation is and what graduating from an accredited program means to a graduating student. He stated that this information would assist in determining whether elimination of the summer program might, in effect, might allow for the continuance of the regular school year correspondence program and provide the Legislature with sufficient information as to whether the ACS program be allowed to operate one more year to provide a transitional period of time.

Ms. Miller informed the Committee that she would soon be attending a distance accreditation seminar and would be able to supply appropriate information upon her return.

MICHELLE AKERS, Student and Employee, University of Alaska Southeast, Employee, National Oceanic and Atmosphere Administration (NOAA), and Employee, Department of Environmental Conservation Laboratory, urged the Committee to adequately fund the University. She also besieged that the Committee continue operating the State laboratory in Juneau, as the facility is crucial to NOAA and the Department of Environmental Conservation research as well as to the environmental science and other programs offered at the University.

CHARLES LINDLEY, Student, University of Alaska Southeast, stated that he is an out-of-state, full-tuition student from Georgia who is studying environmental science. He stated that he has "found a home up here," and he thanked the Legislature for the opportunity to live and receive a quality education in Alaska.

JEREMIAH CRAIG, Student, University of Alaska Southeast urged for full funding for the University system. He stressed that it is imperative that this support continue as he opined that being able to provide an education to local people, who want to live in the State, is the key to growing a strong State.

The bills were HELD in Committee.
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ADJOURNMENT

Co-Chair Gary Wilken adjourned the meeting at 09:30 PM