

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 13, 2005**  
**5:04 p.m.**

**CALL TO ORDER**

Vice-Chair Bunde convened the meeting at approximately [5:04:14 PM](#).

**PRESENT**

Senator Gary Wilken, Co-Chair  
Senator Lyda Green, Co-Chair  
Senator Con Bunde, Vice Chair  
Senator Fred Dyson  
Senator Bert Stedman  
Senator Lyman Hoffman

**Also Attending:** RON SUMERVILLE, Member, Board of Game; DARRYL TSEU, Juneau Community Charter School; CATHERINE READON, Juneau Community Charter School; EMILY NENON, Alaska Governmental Relations Director, American Cancer Society; Kathie Wasserman, Alaska Municipal League

**Attending via Teleconference:** Public Testimony from off-net sites was presented in the order reflected in the minutes.

**SUMMARY INFORMATION**

HB 66-APPROP: MENTAL HEALTH BUDGET  
HB 67-APPROP: OPERATING BUDGET/LOANS/FUNDS

The committee heard public testimony from offnet sites and Juneau on the FY 06 operating budget. The bills were held in Committee.

#hb66  
#hb67

CS FOR HOUSE BILL NO. 66(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."

CS FOR HOUSE BILL NO. 67(FIN)(brf sup maj fld)  
"An Act making appropriations for the operating and loan

program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

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

The Committee scheduled testimony from off-net sites and Juneau.

RON SUMERVILLE, Member, Board of Game, testified in Juneau and shared that the Board had formed a subcommittee to review and make recommendations regarding the Board's financial difficulties; particularly as it affects the Wildlife Conservation Division and "the Board process itself". While the Board has the authority and legal tools to make decisions regarding State game policies, insufficient financial support curbs the Board's ability to fulfill its duties. A March 23, 2005 letter to Senator Ralph Seekins from the Board [copy on file] further outlines these concerns. In addition, two maps [copies on file] of active and proposed predator control areas in the State were provided. It was noted that the aerial wolf control program has provided positive relief to the moose population in those selected areas.

Mr. Sumerville expressed that, due to financial constraints, the Board is unable to adequately respond to advisory boards and others requests for assistance in such things as predator control and game population decrease/increase studies. In many cases, data was unavailable from which "to make a rational judgment". In some cases, data was outdated. This is the result of "the budget crunch".

Mr. Somerville noted that, by Statute, the Board must address Subsistence Management. Implementation of the plan has resulted in "major conflicts" with residents of the State and the Courts. While the Board has endeavored to improve the implementation of the State Subsistence Law, minimal funds are available for any new initiatives. A supplemental request for \$50,000 was submitted to fund a new initiative to address moose and caribou subsistence problems in Nelchina Basin. "There is not enough money to do the job".

[5:09:14 PM](#)

Mr. Sumerville, while acknowledging that numerous boards and Departments are experiencing budget reductions, explained that at a recent four-day Board meeting, Board deliberations on regulations was limited to two days as two days were devoted to public testimony. Two days are "totally inadequate" for conducting

regulation deliberations. Many items were delayed until the next Board meeting. This situation further inhibits action. The aforementioned letter requests that a licensing fee increase be implemented in order to support Board programs. In addition, the Board is requesting that the Legislature fund a two-year CIP project for operational monies. He asked that consideration be given to including this money in the operating budget.

[5:10:40 PM](#)

Senator Bunde understood there to be support for enabling the Board to adequately conduct meetings. The proposed licensing fee increase legislation might be in "limbo due to no fault" of the Board. He thanked Mr. Sumerville for the information and his continuing service.

[5:11:36 PM](#)

WILBUR NAPAYONAK, Mayor, City of Koyuk, testified via teleconference from offnet site and requested that financial assistance be provided "to small villages that are struggling". Koyuk has attempted to control expenses by downsizing police, fire, and city administration. In addition, the community is struggling with fuel and utility expenses and has an outstanding \$39,000 fuel bill. In order to get a spring fuel shipment, money must be available. None is. The community currently has enough fuel to last until September. The low revenues generated by the local tax are insufficient to meet needs, and, while the community is considering increasing utility rates, this also would not provide the necessary funds. The community has exerted a lot of effort to stay viable and not become a statistic. He encouraged the State to provide some form of financial assistance to small communities.

Senator Bunde thanked the Mayor for his comments and stated that the Legislature is "struggling to find new sources of revenue to deal with demands for State spending".

[5:15:14 PM](#)

ROSLYN GOODMAN testified via teleconference from an offnet site in Petrol Bay and asked the Committee to support the House of Representatives recommendation to include \$375,000 in the operating budget for the Division of Libraries, Museums, and Archives. "The State Library provides benefits to everyone in the State regardless of age, ethnicity, and economic status particularly in smaller communities". Adequate funding allows for affordable fees, Internet access, and enables small community libraries to expand their selections through a grant program.

[5:17:18 PM](#)

JANE KAVA, Mayor, Savoonga, testified via teleconference from an offnet site to seek financial assistance for small Rural communities' operating costs. Savoonga has had to curtail its public safety program and is having difficulty paying for fuel and utility expenses.

Senator Bunde responded that the Legislature "is attempting to prioritize the budget and stretch it as far" as possible.

[5:18:16 PM](#)

ELAINE PRICE, Project Manager, City of Coffman Cove, testified via teleconference from an offnet site and requested financial aid for small communities. This aid would be welcome in any form, including revenue sharing or municipal assistance. The elimination of aid to small communities by the Governor Frank Murkowski Administration left small communities "in a lurch". Even short-term assistance would be welcome, as it would provide time for restructuring. Coffman Cove has no means of self-support as it does not have the authority to implement taxation, and regardless, it is too small to generate much revenue to support local government expenses. Coffman Cove residents work part-time, have no benefits; there is no Public Employees Retirement System (PERS) and Teacher's Retirement System (TRS) benefits. The community needs help. The State once encouraged small communities. In addition, she voiced support for the inclusion of the Division of Libraries \$375,000 funding in the budget. Coffman Cove's library is an integral part of the community and the Library grant allows the community to "keep the lights on and the computers going".

Senator Bunde reiterated that the Legislature is "struggling to find additional funds for State services and to prioritize those services". He likened the current situation to "robbing Peter to pay Paul".

Senator Stedman inquired as to how long the Coffman Cove request for a new school has been on the list. In addition, he asked the community's position on the proposed State land transfer to the University of Alaska.

Ms. Price voiced that while the community is a supporter of the University, it is not in favor of how the Department of Natural Resources land selection was conducted. There should have been public input. The Coffman Cove request for a new school has been on the list since 1987. General Obligation bonds provided money to the

community for design and engineering, but no money for construction. The school has been housed in portable buildings for 30 years.

Senator Bunde asked whether Coffman Cove is included in the Southeast Islands School District.

Ms. Price affirmed.

[5:22:31 PM](#)

LYNNE JENSEN, Gustavus resident, testified via teleconference from an offnet site and voiced support for the House recommendation for the Division of Libraries, Archives & Museums, which provides support to small Rural community libraries. Overall State reduction in communities' financial support has required communities to rely on the Division even more.

AT EASE: [5:23:59 PM](#) / [5:25:00 PM](#)

[5:25:03 PM](#)

DARRELL TSEU, Juneau Community Charter School, testified in Juneau and requested increased funding for small charter schools of 150 students or less. Under current school funding laws, small charter schools are funded at approximately 84-percent of the base student allocation. He asked that the amount proposed in the House of Representatives budget be considered in the Senate.

AT EASE [5:26:20 PM](#) / [5:26:38 PM](#)

CATHERINE REARDON, Juneau Community Charter School, testified in Juneau and asked that the Senate adopt the House of Representatives funding recommendation for small charter schools. Currently small charter schools receive less money per child than the amount allotted to other schools. "This makes charter schools unrealistic for small communities", even communities the size of Juneau. As a parent, the charter school is an important option and provides parents a choice in their child's education. Grant money, as similarly provided in last year's operating budget, allowed the per student funding percentage to increase. However, that percentage would continue to be less than student funding percentages for standard elementary schools, as depicted on the handout titled Sec. 14.17.450. School size factor" [copy on file]. Were the funding increased, charter schools, while still operating with 20-percent less funding than other elementary schools, would be able "to survive".

Senator Dyson voiced disappointment that charter schools continue to struggle with funding issues. He urged the testifier to look at the Mat-Su School District operations "as they find more funding for their charter schools than the Anchorage School District does".

Ms. Reardon stressed there being no desire that other schools funding decreases as a result of charter schools "existence". Under the current student foundation funding formula, school "districts are actually punished financially for authorizing small charter schools" for were the charter schools students enrolled in standard schools, "the State would be sending more money" to the district.

Senator Bunde stated that this information would be added to the Legislature's "on-going task of prioritizing and seeking new funding sources".

EMILY NEEDEEN, Alaska Government Relations Director, American Cancer Society, testified in Juneau and asked the Committee to restore funding for the breast and cervical cancer early detection program to the Governor's proposed budget level of \$1.8 million. This would fund screening for low income, un-insured, and underinsured women. These people otherwise would be required to either forego the screening or make serious choices. The program "has been highly successful" and early detection is crucial.

Ms. Needeen informed that the American Cancer Society is contributing to this program in that it partners with the State to pay for mammograms for qualifying women between the ages of 40 and 50. The State program only pays for screening for women over the age of 50.

Senator Bunde commented that in the process of establishing priorities, a focus is placed on those programs where people are willing "to provide some match or share". It is appreciated.

AT EASE: [5:33:23 PM](#) / [5:34:03 PM](#)

[5:36:00 PM](#)

[NOTE: Due to audio difficulties, the following two testifiers', STANLEY TOCKTOO and FRED GOODHOPE, JR., remarks were indiscernible. Their testimony was immediately faxed to the Committee as follows.]

STANLEY TOCKTOO, Mayor, Community of Shishmaref testified via teleconference from an offnet site and asked that funding for an x-ray machine be included in HB 66. "Most of our young natives are caught too late for cancer. It would be nice to have an x-ray machine at NSRH (Nome) to catch cancer or other diseases sooner

before any medical treatment cannot help them".

FRED GOODHOPE, JR. Vice-Mayor, Community of Shishmaref, testified via teleconference from an offnet site and requested that a loan of some sort be provided in order for the community to avoid filing for bankruptcy. "Shishmaref is a small, second-class community that is struggling to stay afloat in a sea of bills and trying to catch up with IRS payments".

AT EASE: [5:38:45 PM](#) / [5:39:23 PM](#)

KATHY WASSERMAN, Alaska Municipal League (AML) testified in Juneau and requested that the Committee include money for municipalities operating expenses in the budget. The State system's encouragement of communities to apply for capital budget requests to build things, in effect, serves to increase the costs of operating communities. While many communities "have been diligent" in building their infrastructure and enhancing the living standards of their residents, they now "find themselves in a position" of being required to pay for more things. It would be very difficult to operate independent of State government assistance at this point. This is similar to the difficulty the State would face were it to attempt to operate without federal government assistance. She reminded that in 1998, State revenue sharing to communities amounted to \$27 million. AML would be available to work with the Legislature to determine an amount that would be acceptable to both the Legislature and communities.

Senator Bunde conveyed the message of Congressional Senator Lisa Murkowski that we should be "starting to prepare to have this State run without so much federal money". He asked that AML assist in identifying new revenue sources for, in order to honor their request, funds would be removed from another component.

Ms. Wasserman acknowledged.

Senator Bunde asked that AML "be part of the solution" by providing a list of reductions they would support in order to receive the requested funding "or what revenue source they would support".

Ms. Wasserman acknowledged

Senator Stedman communicated that it is "a struggle" to determine how to assist small communities. He noted that legislation is being advanced to assist communities with such things as the PERS/TRS premium increases. In addition, AML is requesting municipal assistance. Therefore, he asked whether AML is more interested in municipal assistance, the PERS/TRS issue, or whether it should be

considered as "one pot".

[5:44:06 PM](#)

Ms. Wasserman asked that consideration be giving "to a breakdown of the combination of those things as one single solution might not be appropriate for all communities. Providing PERS/TRS relief would help many communities but not all; providing tax exemptions to senior citizens and veterans would help others. She suggested that a list be developed and commonalities identified.

AT EASE [5:46:20 PM](#) / [6:14:42 PM](#)

Co-Chair Wilken assumed chair of the meeting.

Co-Chair Wilken acknowledged the receipt of the faxed testimony from Stanley Tocktoo and Fred Goodhope from Shishmaref.

[Name Indiscernible], Shishmaref Council Member, testified via teleconference from an offnet site and informed the Committee that the community of Shishmaref must be relocated. To that point, he asked whether funds could be included in the operating budget to assist with that endeavor when it occurs.

Co-Chair Wilken understood that moving the community would be a "major expense" of approximately \$100,000,000. While there is no provision for the relocation in the FY 06 State operating budget, efforts are being furthered to acquire federal money. Money was previously provided to begin the process.

AT EASE: [6:17:09 PM](#) / [6:29:39 PM](#)

There being no further testifiers, Co-Chair Wilken announced that this concludes public testimony on the operating budget.

[6:29:57 PM](#)

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#### **ADJOURNMENT**

Co-Chair Wilken adjourned the meeting at 06:30 PM.