

SENATE FINANCE COMMITTEE

March 20, 2014

9:05 a.m.

[9:05:33 AM](#)

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Kathie Wasserman, Executive Director, Alaska Municipal League (AML), Juneau;

PRESENT VIA TELECONFERENCE

Ray Watson, Behavioral Health Phillips Ayagnirvik Treatment Center Treatment Center, Bethel; Rick Robb, Director, Residential services, Yukon-Kuskokwim Health Corporation (YKHC), Bethel; Chris Bolton, Chief Operating Officer, Norton Sound Health Corporation (NSHC), Nome; Gay Sheffield, UAF Marine Advisory Safety Committee, Nome; Patricia Ballard, Self, Craig; Dr. Allen Freudenthal, Physician, Bethel Family Clinic, Bethel; Thomas Moran, City Clerk, City of Nome, Nome; Pearl Brower, President, Iliasagvik College; Kathy Leary, Iliasagvik College, Barrow; Ben Glover, Iliasagvik College, Barrow; Julie Serstad, Rural Director, Alaska Nurses Association, Barrow; Mark Springer, Member, Bethel City Council, City of Bethel, Bethel; Jeff Jabusch, Borough Manager, City and Borough of

Wrangell; Stephen Giesbrecht, Petersburg Borough, Petersburg; Carlen Williams, Director, Southeast Area Health Education Center, Ketchikan; Lanetta Lundberg, Vice-President, People and Culture, Ketchikan Medical Center, Ketchikan; Dan Bockhorst, Manager, Ketchikan Gateway Borough, Ketchikan; John Sweeney III, Chief Financial Officer and Active Administrator, City and Borough of Sitka, Sitka; Jerry Dzugan, Alaska Marine Safety Education Association, Sitka; Annette Becker, Executive Director, Youth Advocates of Sitka, Sitka; Julie McDonald, Self, Craig; Amy Zanuzoski, Executive Director, Sitka Counseling, Sitka; Kerry Tomlinson, Deputy Executive Director, Sitka Counseling, Sitka; Melissa Brooks, Family Nurse Practitioner, Cordova Community Medical Center, Cordova; Stephen Sundby, Executive Director, Sound Alternatives, Cordova; Theresa Carte, Administrator, Cordova Community Medical Center, Cordova; Rona Haberman, Social Worker, Sound Alternatives, Cordova; Susanna Petrie, Cordova Community Medical Center, Cordova; Alexis Cooper, Executive Director, Cordova District Fisherman United, Cordova; Barbara Bigelow, Chief Executive Officer, Providence Valdez Medical Center, Valdez; Jeremy O'Neill, Director of Finance, Providence Valdez Medical Center, Valdez; Mackenzie Jones, Self, Valdez (testimony read by Barbara Bigelow); Barbara Bryson, Valdez Imagination Library, Valdez; Kathleen Todd, Physician, Valdez Medical Clinic, Valdez; Shannon Mahony Irish, Rehabilitation Director, Providence Valdez Medical Center, Valdez; Randy Roberston, City Manager, Cordova.

SUMMARY

CSHB 266(FIN)

APPROP: OPERATING BUDGET/LOANS/FUNDS

CSHB 266(FIN) was HEARD and HELD in committee for further consideration.

CSHB 267(FIN)

APPROP: MENTAL HEALTH BUDGET

CSHB 267(FIN) was HEARD and HELD in committee for further consideration.

PUBLIC TESIMONY:

BETHEL, NOME, JUNEAU, CRAIG, BETHEL, NOME
BARROW, BETHEL, WRANGELL/PETERSBURG
KETCHIKAN, SITKA, CRAIG, SITKA
CORDOVA, VALDEZ, CORDOVA

#hb266

#hb267

CS FOR HOUSE BILL NO. 266(FIN)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, and making reappropriations; and providing for an effective date."

CS FOR HOUSE BILL NO. 267(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."

[9:06:44 AM](#)

Co-Chair Kelly related that he had a bill in the House Finance Committee, but that he wanted to get the public testimony started. He related that he would return to the committee after his bill was heard. He noted that Senator Bishop would be a little late to the meeting and observed that Senator Hoffman had a flight to catch as well.

Senator Hoffman stated that his flight was delayed and that he would be present in committee until a little after 10 a.m.

Co-Chair Kelly noted for the record that Senator Hoffman had to leave but would make efforts to hear or read the public testimony.

^PUBLIC TESTIMONY: BETHEL

[9:07:51 AM](#)

RAY WATSON, BEHAVIORAL HEALTH PHILLIPS AYAGNIRVIK TREATMENT CENTER TREATMENT CENTER, BETHEL (via teleconference), testified in support of funding for substance abuse treatment programs. He appreciated the support of the committee.

9:09:07 AM

RICK ROBB, DIRECTOR, RESIDENTIAL SERVICES, YUKON-KUSKOKWIM HEALTH CORPORATION (YKHC), BETHEL (via teleconference), spoke in support of funding for residential substance abuse treatment and behavioral health treatment programs. He understood that money was tight, but noted that there was a great need for services in the Bethel area, as well as elsewhere in the state. He relayed that state grants were very important to YKHC and spoke of its recent loss of federal money; additionally, when YKHC's federal funding was cut, it became more reliant on state budgets. He pointed out that a lot of people seeking substance abuse treatment services did not have the means to pay for it and offered that ultimately, if people did not get treatment, the state had to pay one way or another; the state would either help pay for treatment for substance abuse services, substance dependence, residential services, or mental health services or it would pay for the negative outcomes of its people. He elaborated that negative outcomes included police, ambulances, jails, court costs, as well as the human loss of broken lives and broken families.

^PUBLIC TESTIMONY: NOME

9:11:40 AM

CHRIS BOLTON, CHIEF OPERATING OFFICER, NORTON SOUND HEALTH CORPORATION (NSHC), NOME (via teleconference), thanked the committee for restoring funding for residential substance abuse treatment programs and behavioral health treatment. Additionally, he testified in favor of full funding for the SHARP loan repayment program. He offered that the \$2 million in funding for residential substance abuse and behavioral health treatment programs was vital for helping the state's most vulnerable populations, particularly in rural areas; any cuts to current funding levels would jeopardize the ability of Alaska to recover from being the state with the highest rates of substance abuse, suicide, and domestic violence in the nation. He spoke to the cut in funding for the SHARP program and related that NSCH had 3 providers that had specifically come to Nome because of that program; furthermore, cutting this funding would be devastating to Norton Sound. He stated that Norton Sound was already short 3 providers outside of the previously

mentioned 3 and that if the funding was cut, it would lose 3 more.

Co-Chair Meyer observed that Senator Bishop had joined the committee in progress.

[9:14:09 AM](#)

GAY SHEFFIELD, UAF MARINE ADVISORY SAFETY COMMITTEE, NOME (via teleconference), Vocalized support for the Alaska Marine Safety Education Association (AMSEA). She related that the AMSEA network delivered safety training that was cost effective and maintained high hands-on safety standards; furthermore, the program was used as a model nationally and internationally. She relayed that AMSEA was a safety program that was aimed at protecting families in their non-commercial and commercial water-based activities and pointed out that the program provided an essential marine-safety service to boaters across the state. She observed that the program was not funded from the General Fund, but was instead funded from Alaska's boat registration receipts. She thought that cutting the program or transferring it to the capital budget would jeopardize its existence and would result in another effort having to be recreated at greater expense. She discussed how the loss of marine safety training would result in a less safe environment for boaters across the state. She concluded that access to safety training was essential. She pointed out that AMSEA had a strong track record and was a good use of state funds.

^PUBLIC TESTIMONY: JUNEAU

[9:16:38 AM](#)

KATHIE WASSERMAN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE (AML), JUNEAU, spoke in support of the 22 percent cap for the Public Employees' Retirement System (PERS) rate and the governor's proposal of a \$3 billion infusion to PERS and the Teachers' Retirement System (TRS). Additionally, AML was in support of restoring the \$10 million in revenue sharing. She pointed out that the \$3 billion infusion would help keep municipalities and the state on a more consistent, affordable, and budget-friendly plan. She stated that she, the mayors, and the leadership of AML were willing to sit down and talk with the committee at any time; AML did realize that with lean times coming,

the way to address additional funding was to either raise taxes or decrease services. She relayed that decreasing services was a problem for AML because layoffs would result in increased costs for termination studies.

Vice-Chair Fairclough stated that Alaska was looking at drawing \$2 billion from its savings account. She noted that the state's savings account was formed in order to transition Alaska when a rainy day came and inquired if there were reserves inside of local municipalities that municipalities would be willing to use to match and help pay down the pension liability. Ms. Wasserman replied that some of the larger municipalities did have some rainy day funds, but that she had no idea what those amounts were; the smaller communities did not have such funds. She relayed that as a rule, the smaller municipalities used all their money for energy and payroll. She related that she could not provide a complete answer.

[9:19:48 AM](#)

Vice-Chair Fairclough pointed out that the state was experiencing what it hoped was a short-term downfall in revenue and that it had an optimistic look to Alaska's future; however, it would take time for the optimism to reach fruition. She believed that the Governmental Accounting Standards Board's (GASB) Rules 67 and 68 would require the state to allocate the pension liability out to all of the municipalities; she understood that bond ratings for municipalities would be at risk at that point. She believed that it was mandated that the reporting would start in 2016 and requested a confirmation. Ms. Wasserman believed that it kicked in in 2015 and that the first reporting would be in 2016.

Vice-Chair Fairclough noted that the State of Alaska would be faced with a \$12 billion pension liability that other cities and employers across the state would have responsibility for and wondered if Ms. Wasserman could discuss with AML whether there was any other money to help offset what would be allocated to municipalities in 2015. She noted that the state needed help and pointed out that from the committee's perspective, it wanted to be able to provide basic services such as education and health. She noted that the state and the municipalities were in the current situation together and further inquired if AML had any tolerance for helping pay down the debt along with the

state. Ms. Wasserman replied that AML was always willing to sit down and talk to the committee; furthermore, AML had made some new appointments in the current week and would be sending representatives to the legislature over the next 4 weeks. She requested that the committee provide her with a list of who it wanted to talk to from the communities and pointed out that each community was different.

9:22:30 AM

Vice-Chair Fairclough was not looking for appointments from people and pointed out that the committee knew the positions of the communities as well as the struggles they faced; however, she was wondering if AML as a group could come up with a policy that would help the state pay down its pension liability. She discussed the positions that AML had testified for, but noted that if Alaska was having to draw \$2 billion from its savings, the state and communities needed to find ways to work together to make the reduction as painless as possible. She inquired how the cities could help and noted that the state could not do it all. Ms. Wasserman replied that Vice-Chair Fairclough brought up some good points and that AML had discussed the issue. She admitted that she might be a bit biased regarding the things that municipalities wanted, but relayed that AML had suggested that municipalities would have to prioritize their capital projects. She continued that AML believed that through the governor's proposal, communities would be paying more because the amortization would put a much larger financial draw on them in the out-years.

9:25:20 AM

Co-Chair Meyer noted that a lot of things that Vice-Chair Fairclough was referencing had come about in 2007 and 2008 when the state had a lot of money due to higher oil production and prices. He pointed out that oil was the state's source of revenue and that the legislature had spent a lot of time the previous year adjusting the oil tax in order to try to raise production so that it could get more revenue, get back to revenue sharing, keep PERS at 22 percent, and get more money for education. He pointed out that the City of Anchorage had come out very strongly in support of the oil tax reform and inquired if AML had taken a position on the issue. Ms. Wasserman replied that AML had discussed the issue, but that much like the Senate and the House, it had communities going every direction. She stated

AML felt that it was unwise to support something that only 51 percent of its members supported and that it would lose members if it did so. Secondly, she did not have access to all of the oil experts that the legislature did and that it would probably take all of her time to even take a knowledgeable position on the issue. She offered that AML would be forced to take a political position instead of a knowledgeable one, which she did not think helped anyone.

Co-Chair Meyer stated it would be good if AML could be part of the solution in trying to figure out how to help the municipalities instead of simply requesting things and pointed out that the committee was open to solutions; however, the only solution currently was higher oil production and possibly the gas pipeline in 10 years. Ms. Wasserman stated that each time AML met, she always made sure that either Dan Fauske or someone from the state was present to discuss each one of the pipeline issues so that the municipalities could take a stand. She stated that there was always a forum at AML's large session and that every February it had many people present; she related that Mike Pawlowski and Dan Fauske had been present in February.

Senator Dunleavy observed that the state was good at appropriating money in the good times and that it appropriated less in the lean times; at the same time, the state had helped develop the system that the municipalities and school districts had to live under. He noted a movement to "flip the deal" with the PERS study, which would help the cities. He thought that there needed to be more asked of the political subdivisions of the state, as well as the municipalities regarding what things could be changed in statute, which were costing them money that the state no longer funded; he thought that if the state began that process, it would get more people pointing out statutes that needed to be changed and that it would alleviate the need for certain areas of funding. He thought that the state needed to start asking the school districts, cities, municipalities, and other governmental subdivisions to take a look at the statutes and regulations in order to determine what the state could do to reduce the regulatory burden that they had deal with if the state would not have the funds to pass their way.

Co-Chair Meyer noted that the committee needed to return to public testimony. Ms. Wassermann thanked the committee and

stated that it was not her intent in giving testimony to argue.

^PUBLIC TESTIMONY: CRAIG

[9:30:22 AM](#)

PATRICIA BALLARD, SELF, CRAIG (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She related that she and her family were directly impacted by the funding of the SHARP plan and stated that 3 years prior, her family was able to fulfill her husband's dream of practicing medicine in a rural community. She stated that her career had previously offset the high cost of student loans and had provided for a retirement and education; her family knew that this support would end if they moved to a rural location. She related that when her family had been considering the high cost of living in Rural Alaska and the student loan debts from medical school, the SHARP program and its available funds had tipped the scales and made the dream possible. She pointed out that although the SHARP funding had not replaced her income, it had provided critical relief from student loan burdens; furthermore, the continuity of the program was paramount to her family's ability to remain rural. She discussed the high level of medical care that her husband and his team members had been able offer to the community as a result of the SHARP funds. She concluded that the SHARP funds helped families that took a financial loss from choosing to live in a rural community. She spoke of the benefits of continuity of medical care in rural areas and related that without the SHARP funds, underserved areas would continue to lack the medical care that they deserved and that those areas would not be able to attract and retain qualified medical professionals.

^PUBLIC TESTIMONY: BETHEL

[9:34:00 AM](#)

DR. ALLEN FREUDENTHAL, PHYSICIAN, BETHEL FAMILY CLINIC, BETHEL (via teleconference), testified in favor of full funding for the SHARP loan repayment program. He discussed his history working at Bethel Family Clinic over the last 7 years and offered that during that time, all of the clinic's mid-level providers had come to Bethel as a result of the SHARP program; he opined that without the program,

the clinic would have had much difficulty attracting providers. He agreed that without the SHARP program, a lot of entities would have either a lack of providers or would have to close down entirely. He stated that one of the big draws of the SHARP program was that it helped with the burden of the high costs in Rural Alaska and enabled people to sample life in the state; furthermore, it was a lot easier to move to rural areas if someone was helping with your student loans. He stated that the program attracted and retained providers in rural areas in Alaska that otherwise would not have come there and offered that it was especially important to mid-level practitioners, nurses, and pharmacists.

[9:37:21 AM](#)

Senator Olson inquired how many people participated in the SHARP program in the Bethel area. Mr. Freudenthal replied that he was unsure of the exact numbers, but that during his 7 years at Bethel Family Clinic, all of its mid-level providers had been in the program; he thought that this represented 8 providers during that time period.

^PUBLIC TESTIMONY: NOME

[9:38:49 AM](#)

THOMAS MORAN, CITY CLERK, CITY OF NOME, NOME (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and the governor's proposed \$3 billion cash infusion into PERS. He related that Nome was the largest municipality in the area with 3700 people and an \$11 million budget; raising its unfunded liability from 22 percent to 24 percent would be a major hit. He offered that the loss of revenue sharing would not affect some of the major municipalities' budgets the same way that it would affect the rural areas.

^PUBLIC TESTIMONY: BARROW

[9:40:05 AM](#)

PEARL BROWER, PRESIDENT, ILIASAGVIK COLLEGE (via teleconference), spoke in support of reinstating the original \$600,000 in funding for Iliasagvik College and its workforce development program; additionally, she supported including the college in Alaska Technical Vocational

Education Program (TVEP) legislation and the allocation of funding for the college to that program instead of the DCCED budget. She stated that the funding for the workforce development program was the only funding that the college currently received from the state and relayed that it was disappointing to see cuts to programs that made big differences in the lives of Alaskan residents, particularly among the rural populations. She stated that the college's funding was first provided in FY12 and that \$600,000 had been received for 2 years; the funding had helped expand services to more Alaskan residents in more communities across the state. She relayed that in the current year, the college's funding had been cut to \$400,000, but that its outreach now spanned from Barrow to Metlakatla; another \$100,000 cut would represent a 50 percent loss in 2 years and would not allow the college to continue its current services without incurring losses in other programs. She discussed the large scope of the college's almost 250 workforce development courses that had an enrollment of almost 1900 rural residents; furthermore, those courses had a completion rate of 99 percent.

[9:42:27 AM](#)

KATHY LEARY, ILIASAGVIK COLLEGE, BARROW (via teleconference), testified in support of maintaining full funding for Iliasagvik College. She pointed out that the college did a lot of cost sharing with its partners and worked with industry, corporations, the North Slope Borough, and other private trainers. She stated that the college usually had funding coming in from different sources when it conducted large trainings and opined that some of the partnerships would dwindle if it lost its ability to help fund some of the classes. She stated that many of the trainings that the college conducted assisted people who were served with regulatory requirements and certifications. She stated that she had just received a call from Unalaska where there were 20 people in the fishery and maritime industry who needed specific trainings for industry and new regulatory requirements; Unalaska had heard of the college's success with its onsite trainings and wanted to partner with it for training. She discussed maritime licensing, cold-water safety, and guide training related to tourism that the college was assisting with in Kaktovik.

[9:45:25 AM](#)

BEN GLOVER, ILIASAGVIK COLLEGE, BARROW (via teleconference), spoke in support of maintaining funding for the Iliasagvik College. He pointed out that there were roughly 10,000 jobs on the North Slope that contributed about 9 percent of the private wages in Alaska; however, many of these jobs were held by non-residents. He related that Iliasagvik College believed that its role was to place people into North Slope jobs and to support local hires in every way possible. He stated that the college placed almost 2000 students into trainings, which were requested by employers that had either led directly to people being hired, had contributed to their ability to stay hired, or that had been needed for promotions. He provided examples of the number of licenses, certifications, trainings, classes, renewals, and credentials that the college had provided over the last 12 months using state funding for the workforce development programs. He also discussed the other trainings and classes that the college provided that were not directly related to workforce development funding and relayed that it used the funds to promote local hires and keep jobs and dollars within Alaska.

[9:48:54 AM](#)

JULIE SERSTAD, RURAL DIRECTOR, ALASKA NURSES ASSOCIATION, BARROW (via teleconference), spoke in support of restoring the \$360,000 in funding for the chlamydia testing program. She stated that Alaska had the number 1 rate of chlamydia infection in the nation and that the rate of infection was growing.

^PUBLIC TESTIMONY: BETHEL

[9:50:16 AM](#)

MARK SPRINGER, MEMBER, BETHEL CITY COUNCIL, CITY OF BETHEL, BETHEL (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and the governor's proposed \$3 billion cash infusion into PERS. He stated that his district was one of the bigger ones in the Alaska Municipal League and that most of the subdivisions within it were in the unincorporated borough in Alaska; therefore, the legislature was its borough assembly. He thought that the infusion into the PERS pension fund would stabilize costs into the future until the debt was paid off. He related that most of the communities in Rural

Alaska relied on locally generated sales tax and municipal assistance for revenue. He stated that the small cities in his district had cities offices that were busy from the time they opened until the time that they closed and that the citizens in small communities depended on the city offices for a wide variety of services. He furthered that the small cities were an important political infrastructure for Alaska and that they were political subdivisions in the unincorporated borough that, to a great extent, carried out policies across the state that the legislature set.

[9:52:50 AM](#)

Co-Chair Meyer discussed the following week's agenda.

^PUBLIC TESTIMONY: WRANGELL

[9:53:46 AM](#)

JEFF JABUSCH, BOROUGH MANAGER, CITY AND BOROUGH OF WRANGELL (via teleconference), spoke in support of restoring the \$10 million in funding for revenue sharing and also supported the governor's proposed \$3 billion cash infusion for PERS. He stated that a lot of the smaller communities in Alaska depended on revenue sharing and that the funding greatly affected the central services in those communities. He pointed out that other than taxes, the smaller communities had a limited opportunity to raise funds. He reported that Wrangell currently had a 7 percent sales tax and a 12.75 percent mill rate for property tax and thought that the community was paying its share. He stated that Wrangell had become a depressed area over the years as a result of the declining timber business, which used to be the area's mainstay. He pointed out that the loss of revenue sharing funding would greatly hurt the community of Wrangell. He spoke to the \$3 billion cash infusion and related that Wrangell would rather be at a 22 percent cap for a longer period of time than be at 24 percent or some higher number. He understood the need to balance to the budget, but pointed out that a lot of the decisions that were made affected the local level where the citizens of the state were served.

^PUBLIC TESTIMONY: PETERSBURG

[9:56:31 AM](#)

STEPHEN GIESBRECHT, PETERSBURG BOROUGH, PETERSBURG (via teleconference), requested the restoration of \$10 million in revenue sharing and supported the governor's \$3 billion infusion into PERS. He stated that revenue sharing was important to local communities and that they relied on it, as well as a predictable PERS contribution to allow for the planning of the future and to provide essential services. He stated that when the contribution to PERS was raised, one of the communities' few avenues for rebalancing budgets was to reduce staff; however, staff reductions not only had an impact on the economy, but also raised PERS termination issues that ended up "tying our hands."

[9:58:59 AM](#)

AT EASE

[10:19:16 AM](#)

RECONVENED

^PUBLIC TESTIMONY: KETCHIKAN

[10:19:56 AM](#)

CARLEN WILLIAMS, DIRECTOR, SOUTHEAST AREA HEALTH EDUCATION CENTER, KETCHIKAN (via teleconference), spoke in support of the reinstatement of \$652,900 for the Area Health Education Center (AHEC) program in the University of Alaska budget. She discussed that the program used a pipeline approach towards health workforce development; it engaged high school students into the possibilities of a health career focus. She spoke about the benefits of the program including continuing education opportunities for current healthcare providers. The goal was to grow healthcare providers and to keep them in Alaska. She stated that the program was not financially extravagant; each center across the state was minimally staffed. She relayed that collaboration and partnerships were the organization's top priority.

[10:21:55 AM](#)

LANETTA LUNDBERG, VICE-PRESIDENT, PEOPLE AND CULTURE, KETCHIKAN MEDICAL CENTER, KETCHIKAN (via teleconference), testified in favor of full funding for the SHARP loan repayment program and the AHEC program. She read a letter from one of the program recipients Patricia Thorton. The letter told the personal story of a woman working as a

certified midwife in Southeast Alaska. The letter spoke about services to rural Alaska. She related that it was imperative that the state maintain an edge in the recruitment and retention of outside experienced professionals. The letter mentioned the high cost of establishing a business in the state combined with a lack in resources in remote areas. The SHARP program had made all the difference in assisting her with education loans. The program allowed her to stay in Alaska to continue providing care. The letter urged the committee for continued support for the program.

10:27:29 AM

Vice-Chair Fairclough notified Ms. Williams, a prior testifier, that she could not locate a cut to the university budget in the amount of \$652,000. She wondered if the cut was to the university's Board of Regents.

Co-Chair Kelly believed that there may have been some Board of Regents requests that had not made it into the governor's proposed budget. He reviewed the Board of Regents' request and did not locate the item. He asked for input from Ms. Williams.

Ms. Williams believed that the governor had removed the line item out of the budget. The amount represented the basic operating amount that would keep all five AHEC locations running at the current "bare-bones" level. She could locate additional information if necessary.

Vice-Chair Fairclough wondered if Ms. Williams was referring to an unallocated \$14 million cut. She had not found the specific \$652,000 increment in the Board of Regents budget request. She asked Ms. Williams to contact her office with more detail.

Ms. Williams replied that she would follow up with Vice-Chair Fairclough's office.

10:29:54 AM

DAN BOCKHORST, MANAGER, KETCHIKAN GATEWAY BOROUGH, KETCHIKAN (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing. He emphasized that the borough had suffered a revenue sharing cut exceeding \$25 million the prior year; it had amounted

to a 30 percent cut in program funds. He urged the committee to maintain the PERS employers' contribution rate at 22 percent. He spoke in favor of including the governor's proposed \$3 billion cash infusion into the unfunded pension liability.

^PUBLIC TESTIMONY: SITKA

10:31:02 AM

JOHN SWEENEY III, CHIEF FINANCIAL OFFICER AND ACTIVE ADMINISTRATOR, CITY AND BOROUGH OF SITKA, SITKA (via teleconference), spoke in support of the restoration of \$10 million in municipal revenue sharing. He urged the committee to restore the governor's proposed \$3 billion cash infusion to the PERS unfunded liability in order to keep the municipality payments at the current 22 percent level. He hoped Sitka was speaking on behalf of many other small Alaskan villages related to the issues. He spoke to the sense of togetherness and equality experienced by Alaskans; however, he believed a rural/urban divide was developing. He stated that revenue sharing was a direct translation into services that communities could provide their citizens. The funding helped communities to maintain a standard of living that was similar to urban areas.

10:33:30 AM

JERRY DZUGAN, ALASKA MARINE SAFETY EDUCATION ASSOCIATION, SITKA (via teleconference), vocalized support for the Alaska Marine Safety Education Association (AMSEA). He asked the committee to maintain AMSEA funding at the current level of \$196,900. The program followed the state's focus on safety, families, and job training. The program had existed for 29 years and had a proven record of success. Transferring the program funds to the capital budget would result in a lack of continuity with the multitude of businesses and schools around the state that depended on the program's services. He believed the action would result in the elimination of the program. He pointed out that the program was funded with state boating registration receipts; more than sufficient funds were projected to be available to fund the program in the upcoming year. He spoke about the training benefits of the program. The program had trained over 200,000 people in the past 29 years. He stressed that without the program thousands of Alaskans would need to leave the state to

receive required and desired training at great cost. He concluded that the state should be proud to give its wholehearted support to the program.

[10:36:23 AM](#)

ANNETTE BECKER, EXECUTIVE DIRECTOR, YOUTH ADVOCATES OF SITKA, SITKA (via teleconference), thanked the committee for not cutting the substance abuse grants. She relayed that the House had proposed cuts to substance abuse grants totaling \$2.043 million in addition to a \$3.3 million cut to the behavioral health grant and \$9.4 million to behavioral health Medicaid services. She communicated that the state had one of the highest rates for alcoholism and drug abuse. She relayed that the addictions were linked to suicide, domestic violence, sexual assault, child abuse, and other violent crime. She stressed that treating youths and adults had saved lives; if the problems were untreated they led to increased emergency room visits, chronic health costs, loss of economic productivity, and increased adult incarceration rates. She provided additional statistics related to the dependence on alcohol and drugs. She emphasized that the cuts would undermine the success of the Bring the Kids Home initiative.

^PUBLIC TESTIMONY: CRAIG

[10:39:01 AM](#)

JULIE MCDONALD, SELF, CRAIG (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She provided information about a community focused pharmacy in Craig. She spoke about providing free blood pressure checks at the pharmacy; the checks saved the patient and state money. She pointed to the high cost of living in the region. She stated that her eligibility for the loan repayment program had allowed her to remain in Alaska. She detailed that if a pharmacy was not available on Prince of Wales Island the state would be required to pay to have prescriptions flown to the island. Additionally, there would be no access to immediate care.

^PUBLIC TESTIMONY: SITKA

[10:43:12 AM](#)

AMY ZANUZOSKI, EXECUTIVE DIRECTOR, SITKA COUNSELING, SITKA (via teleconference), urged the committee to maintain current funding for residential substance abuse treatment programs. She shared that the counseling service saw an average of 400 clients annually in outpatient and residential programs. The residential treatment success rate was 50 percent annually. History showed that people needed to enter treatment more than once to be successful. She stated that residential substance abuse treatment helped people to develop skills to remain stable and to contribute to the community. She spoke about a success story of one of the program's clients.

[10:44:50 AM](#)

KERRY TOMLINSON, DEPUTY EXECUTIVE DIRECTOR, SITKA COUNSELING, SITKA (via teleconference), urged the committee to maintain funding for residential substance abuse treatment programs. The program employed 40 full-time employees. She pointed to research showing that most addicted individuals needed at least three months in treatment to significantly reduce or stop their drug use; the best outcomes occurred with longer durations of treatment. She stressed that residential treatment worked. She provided an example related to a program client. The program was life changing. She asked the committee to continue to support the program.

[10:46:12 AM](#)

^PUBLIC TESTIMONY: CORDOVA

[10:46:25 AM](#)

MELISSA BROOKS, FAMILY NURSE PRACTITIONER, CORDOVA COMMUNITY MEDICAL CENTER, CORDOVA (via teleconference), testified in favor of full funding for the SHARP II loan repayment program. She had been selected to receive funding, but her service agreement had not yet been implemented. She relayed that she was the first permanent primary care provider living in Cordova for a number of years. She believed having consistent providers was an integral part of healthcare. She detailed that the loan repayment program was part of her financial strategy to provide stability for her family; without the funding it would be difficult for her to justify remaining in Alaska. She spoke to the high cost of living in Cordova. She did

not want to leave the community. She urged the committee to consider the impact on communities.

10:48:36 AM

STEPHEN SUNDBY, EXECUTIVE DIRECTOR, SOUND ALTERNATIVES, CORDOVA (via teleconference), spoke in support of funding for behavioral health grants and urged the committee to restore funding for residential substance abuse treatment programs. He shared that the behavioral health grant provided funds for salaries; cuts impacted personnel and in turn they would impact the entire community. He relayed that there were no residential treatment services in Cordova; further cuts to residential substance abuse treatment it made it increasingly difficult to refer residents out for services. Additionally, he testified in favor of full funding for the SHARP loan repayment program.

10:50:39 AM

THERESA CARTE, ADMINISTRATOR, CORDOVA COMMUNITY MEDICAL CENTER, CORDOVA (via teleconference), testified in favor of full funding for the SHARP II loan repayment program. She shared that three current employees had been recommended for SHARP II funds, but they had not yet received a service agreement. She stated that if the program was not funded the center could lose all three employees. The positions were difficult to fill; the nurse practitioner role had been vacant for over seven years. She stated that filling the positions with traveling employees negatively impacted continuity of care.

10:51:53 AM

RONA HABERMAN, SOCIAL WORKER, SOUND ALTERNATIVES, CORDOVA (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She had been selected to receive funding, but her service agreement had not yet been implemented. The loan repayment program was a key factor in her decision to accept her current position in Cordova.

[Note: Due to technical difficulties the various Legislative Information Offices were dropped from the teleconference. An "at ease" was taken to allow the locations to reconnect to the meeting.]

10:53:04 AM

AT EASE

11:06:02 AM

RECONVENED

11:06:29 AM

Ms. Haberman continued her testimony. Her intention was to remain in her current position at least until she paid off her student loan. She spoke to previous high turnover rates in her social work position. She hoped to be part of a stable provider base in the community. She relayed that if funding for the program was cut it would compromise her ability to remain long-term in Cordova.

11:07:18 AM

SUSANNA PETRIE, CORDOVA COMMUNITY MEDICAL CENTER, CORDOVA (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She shared information about working through school as a single mother. She had moved to Alaska with the purpose of utilizing her recently acquired degree. She spoke to the high cost of education, relocation, and of living in Alaska. She had left a higher paying job in California to practice in Alaska with the understanding that the loan repayment program was a viable option. She communicated that she would be forced to return to the Lower 48 if the program was not funded.

11:08:41 AM

ALEXIS COOPER, EXECUTIVE DIRECTOR, CORDOVA DISTRICT FISHERMAN UNITED, CORDOVA (via teleconference), vocalized support for maintaining the funding levels for the Alaska Marine Safety Education Association (AMSEA) at current levels of \$196,000 to prevent the eventual elimination of the program. She shared that the commercial fleet ported out of Cordova, Valdez, and Whittier to access fishing grounds in the Gulf of Alaska, the Copper River, and Prince William Sound. The fleet depended on access to local training currently provided by AMSEA. She stressed that the program provided essential lifesaving safety training to all participants in the commercial fisheries. She spoke to her valuable personal training experience in the program.

[11:10:44 AM](#)

AT EASE

[11:10:57 AM](#)

RECONVENED

^PUBLIC TESTIMONY: VALDEZ

[11:11:18 AM](#)

BARBARA BIGELOW, CHIEF EXECUTIVE OFFICER, PROVIDENCE VALDEZ MEDICAL CENTER, VALDEZ (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She spoke on behalf of colleagues at the medical center. She stressed that recruitment of professionals in rural Alaska was difficult. She discussed that recruitment packages and retention were linked to medical loan repayments for professionals. She stated that most importantly the benefit of the loan repayment program went to patients receiving care. She relayed that Alaskans deserved access to high-quality care provided by nurses, physical therapists, and physicians. She emphasized that the cut to the program was devastating to rural hospitals and professionals. She urged the committee restore funds and to honor the existing commitments provided under the program.

[11:13:42 AM](#)

JEREMY O'NEILL, DIRECTOR OF FINANCE, PROVIDENCE VALDEZ MEDICAL CENTER, VALDEZ (via teleconference), testified in favor of full funding for the SHARP loan repayment program. He shared that it had been a long practice for rural providers to pay intermittent healthcare professionals at a very high cost. The professionals were not necessarily invested in Alaskan communities. He discussed the tragic reality that a healthcare professional may not be present in a community to treat a patient more than once. He relayed that when traveling providers were not available it became necessary for the center to outsource care at an extreme cost to community members. Many professionals who were able to move to rural Alaska due to the SHARP program became a part of the community.

[11:16:36 AM](#)

MACKENZIE JONES, SELF, VALDEZ (TESTIMONY READ BY BARBARA BIGELOW) (via teleconference), :

I moved to Valdez in 2009 and signed a two-year contract with the intention of having my Alaskan adventure and then returning home. In 2010 I became aware of the SHARP program moving through the legislature. The possibility of this program becoming a reality motivated me to remain in my current position. I was approved for funding in July 2013 at a three-year service contract. This is a huge motivating factor in my decision to stay and make Valdez my home. Currently young people from Alaska must go out of state for physical therapy education and many do not return. Continued SHARP funding will help recruit and retain medical professionals to serve to ensure access to quality services for the citizens of Alaska. Few programs exist for physical therapist loan repayment and the SHARP II program will make the State of Alaska highly competitive. Thank you for your time.

[11:17:57 AM](#)

BARBARA BRYSON, VALDEZ IMAGINATION LIBRARY, VALDEZ (via teleconference), spoke in support of funding for the Imagination Library and Best Beginnings. She thanked the committee for supporting Best Beginnings. She stated that without Best Beginning's guidance, training, and annual financial matching support the community's local Imagination Library would not be as successful. She shared that the library was in its second year of serving pre-school aged children; over 65 percent of the community's pre-school aged children were enrolled. University of Alaska Anchorage research showed that children participating in the program for a minimum of one year were more enthusiastic about reading, were read to more often, and were perceived by parents to be better prepared for Kindergarten. She read quotes from parents and students about the importance of the program. The program had maxed out on state funding. Increasing funding by \$150,000 would enable the program to reach 50 percent of the state's pre-school aged children.

[11:21:41 AM](#)

KATHLEEN TODD, PHYSICIAN, VALDEZ MEDICAL CLINIC, VALDEZ (via teleconference), testified in favor of full funding

for the SHARP loan repayment program. She communicated that doctors willing and able to provide primary care in Alaska were in short supply. She spoke to the competitive market; the clinic was competing against large organizations that could subsidize primary care from their other operations. Additionally, Alaska was competing with other states that had extensive loan repayment programs. The clinic did not cherry-pick patients who could pay for services. She asked the committee to increase funds for the SHARP program to include more rural communities and higher rates of state support. She asked the committee to think about programs as infrastructure; the payback from voluntary Pre-K programs would result in less remedial education and would save the state money in the long-term. She stated that the programs would also result in fewer prisons. She urged support for mental health treatment. She cautioned the committee to be careful with tax credit programs; the credits may favor certain communities and causes.

[11:24:16 AM](#)

SHANNON MAHONY IRISH, REHABILITATION DIRECTOR, PROVIDENCE VALDEZ MEDICAL CENTER, VALDEZ (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She stressed that recruitment of professionals in rural areas was extremely difficult; it had taken the center three years to fill the most recent physical therapist position. She highlighted the importance of hiring professionals who became part of the community. She communicated that some of the greatest losers were the center's patients when they were faced with leaving the community for professional services.

Co-Chair Kelly noted that a Senate budget subcommittee had recommended restoring full funds for the SHARP program. He remarked on the professional nature of the testimony in support of the program.

^PUBLIC TESTIMONY: CORDOVA

[11:26:53 AM](#)

RANDY ROBERSTON, CITY MANAGER, CORDOVA (via teleconference), testified in favor of full funding for the SHARP loan repayment program. He spoke to the importance of continuity of care in the health industry. He observed that without the loan repayment program it would be difficult to

retain qualified healthcare professionals in the community. He spoke in support of the restoration of \$10 million in revenue sharing. He discussed that the revenue sharing had a \$300,000 impact on the city budget; funding cuts would result in four to five man years the city would not have the ability to pay. He emphasized that the city could not provide its citizens with predictability with a \$300,000 budget cut. He asked the committee to think about the consequences on communities.

11:29:34 AM

Vice-Chair Fairclough asked for verification that Mr. Robertson was in support of restoring \$10 million to revenue sharing. Mr. Robertson replied in the affirmative.

Vice-Chair Fairclough wondered if Mr. Robertson had referred to raising the PERS/TRS contribution from 22 percent to 24 percent. Mr. Robertson responded in the affirmative. He elaborated that the increase would raise the city contribution by approximately \$115,000 per year; the 20 or 21 year payback period exceeded \$2 million. He did not know where the community would locate another \$115,000 coupled with a decrease in revenue sharing. He explained that the combined figures would result in a \$300,000 cut to the city's budget.

Vice-Chair Fairclough inquired if Mr. Robertson had included a specific figure for PERS. She asked for verification that the \$300,000 included the decrease in revenue sharing and an increased contribution to PERS. Mr. Robertson replied in the affirmative. He specified that the city's revenue sharing from the prior year was \$205,000. If the figure was added to the out-of-pocket that would incur if the same personnel staffing rate was maintained the hit to taxpayers would equal \$115,000 related to PERS. Collectively the cost would be \$320,000.

Vice-Chair Fairclough asked about the revenue sharing component of Mr. Robertson's calculation. Mr. Robertson explained that the prior year the city had received \$205,000 in revenue sharing. He believed revenue sharing had been consistently reduced over time. He asked for predictability in the budget process.

Vice-Chair Fairclough replied that the revenue sharing figure had not been reduced. She asked what the City of

Cordova currently contributed to PERS. Mr. Robertson replied that he did not have the specific figure on hand.

CSHB 266(FIN) was HEARD and HELD in committee for further consideration.

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Co-Chair Kelly discussed the agenda for the following meeting.

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ADJOURNMENT

11:34:17 AM

The meeting was adjourned at 11:34 a.m.