

SENATE FINANCE COMMITTEE
March 21, 2014
1:39 p.m.

[1:39:12 PM](#)

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 1:39 p.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 Donny Olson

MEMBERS ABSENT

Senator Lyman Hoffman

ALSO PRESENT

Peter Freer, Board President, Juneau Youth Services, Juneau; Pam Watts, Executive Director, Juneau Alliance for Mental Health Inc., Juneau; Marianne Mills, President, Alaska Geriatric Exchange Network, Juneau; Denise Daniello, Executive Director, Alaska Commission on Aging, Juneau; Tom Chard, Executive Director, Alaska Behavioral Health Association, Juneau; Ron Little, Director, Adult Services, Reach Inc., Juneau; Millie Ryan, Executive Director, Reach Inc., Juneau; Joy Lyon, Juneau Early Literacy Council, Juneau; Jennifer Brown, Director, Rainforest Recovery Center, Bartlett Regional Hospital, Juneau; Robert Muller, Board Member, National Alliance for the Mentally Ill, Juneau; Elizabeth Eilers, Planned Parenthood, Juneau; Alyson Curry, Self, Juneau; Robyn Stevens, Self, Juneau; Vickie Tinker, Coordinator, Kenai Peninsula Fetal Alcohol Spectrum Disorder (FASD) Partnership, Kenai Peninsula; Phil Mattheis, Physician, FASD Partnership, Juneau; June Degnan, President, Haven House Juneau, Juneau; Michelle Vaughn, Self, Juneau; Dr. J. Kennan Kirk, Self, Juneau; Christina Love, Juneau Reentry Coalition, Juneau; Kara Nelson, Juneau

Reentry Coalition and Haven House, Juneau; Bob Bartholomew, Finance Director, City and Borough of Juneau;

PRESENT VIA TELECONFERENCE

Pat Branson, Mayor, City of Kodiak; Carol Shade, Finance Director and Acting City Manager, City of Dillingham; Dillon Ray Bennett, Bristol Bay Area Health Corporation, Dillingham; Elaine Phillips, Training Supervisor, Community Health Aide Program, Bristol Bay Area Health Corporation, Dillingham; Berna Rae Andrews, Manager, Community Health Aide Program, Bristol Bay Area Health Corporation, Dillingham; Robyn Chaney, Chair, Dillingham Imagination Library, Dillingham; Monica Adams, Chief Executive Officer, Peninsula Community Health Services, Soldotna; Patty Eissler, Human Relations Director, Peninsula Community Health Services of Alaska, Soldotna; Mary Toutonghi, Self, Soldotna; Pepper Pond, Kenai/Soldotna Imagination Library, Central Peninsula; Dan McCoy, City Manager, City of Akhiok, Akhiok; Linda Amodo, Mayor, City of Akhiok, Akhiok; Rick Koch, City Manager, City of Kenai, Kenai; Patricia Phillips, Mayor, City of Pelican, Pelican; Susana Spinnett, City Manager, City of St. Mary's, St. Mary's; Patrick Cleveland, Administrator, City of Quinhagak, Quinhagak; Skip Ryman, Manager, City and Borough of Yakutat, Yakutat; Sarah Miller, Self, Nome; Don Pegues, Mayor, City of Tenakee Springs, Tenakee Springs; Elsie Vent, City Administrator, City of Huslia, Huslia; Barbara Higgins, City Manager, City of Pilot Point, Pilot Point; Isabelle Jackson, City Clerk, City of Shaktoolik, Shaktoolik; Paul Chimiugak, Administrator, City of Toksook Bay, Toksook Bay; Emily Gray, City Council Member, City of Allakaket, Allakaket; George Sam, Administrator, City of Lower Kalskag, Kalskag; Boris L. Epchook, Mayor Pro Tempore, City of Kwethlak, Kwethlak; Jacques Longpre, Mayor and Volunteer City Manager, City of Aniak, Aniak; Emily Deach, Interim Borough Manager, Municipality of Skagway, Skagway; Stephanie Scott, Mayor, Haines Borough, Haines; Janet Mitchell, City Administrator, Kivalina City Council, Kivalina; Amy Titus, City Clerk, City of White Mountain, White Mountain; Layton Lockett, City Manager, City of Adak, Adak; Glenna Benjamin, City Clerk, City of Shageluk, Shageluk; Doug Whiteman, Mayor, City of Atqasuk, Atqasuk; James Berlin, Mayor, City of Nunapitchuk, Nunapitchuk; William C. Peterson, Administrator, City of New Stuyahak, New Stuyahak; Scott Anderson, Mayor, Port Hyden, Port Hyden; Richard Elachik Sr., City Clerk, City of St.

Michael, St. Michael; Susanna Wassillie, City Clerk, City of Newhalen, Newhalen; Brenda Brown, City Manager, City of Mountain Village, Mountain Village; Dan Clarion, Mayor and City Manager, City of Ouzinkie, Ouzinkie.

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 TESTIMONY:

JUNEAU

KODIAK, DILLINGHAM, KENAI

OFFNET

#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."

^PUBLIC TESTIMONY: JUNEAU

[1:40:44 PM](#)

PETER FREER, BOARD PRESIDENT, JUNEAU YOUTH SERVICES, JUNEAU, spoke in support of funding for Juneau Youth Services (JYS) and substance abuse grants. He provided

information about the organization. He emphasized that state and federal funding were vital to the organization's operations and success. He thanked the committee for not including the cuts that had been included in the House budget for substance abuse grants. He spoke against the cuts in excess of \$2 million in addition to a \$3.3 million cut to behavioral health grants and a \$9.4 million cut to behavioral health Medicaid services. He discussed that there had been no extensive Medicaid rate increases for several years while expenses continued to rise. He stressed that the proposed cuts would undermine the success of the Bring the Kids Home initiative and could threaten the financial viability of existing programs. He relayed that Alaska has one of the highest rates for alcoholism and drug abuse in the country; accompanying issues include suicide, domestic violence, sexual assault, child abuse, and other violent crimes. The McDowell Group estimated in 2010 that the socioeconomic costs of drug and alcohol abuse totaled approximately \$1.2 billion in Alaska. He stressed that treating adults and youths with alcohol and substance abuse addictions saved money. He spoke to other negative impacts of substance abuse.

[1:43:31 PM](#)

PAM WATTS, EXECUTIVE DIRECTOR, JUNEAU ALLIANCE FOR MENTAL HEALTH INC., JUNEAU, thanked the committee for restoring funds to the behavioral health budget for residential substance abuse treatment and outpatient services. She communicated that the cuts would have shifted the problem to primary care, the courts, corrections, children's services, and public safety. She was grateful for the work of the Department of Health and Social Services budget subcommittee. She shared that the organization provided psychiatric emergency services, outpatient mental health services, and housing to mentally ill adults. The agency's recent approval as a SHARP II loan program had been transformative. Prior to approval the agency had lost two trained staff to a tribal agency that was a SHARP eligible program. The loan program had enabled the organization to hire a psychiatric advanced nurse practitioner who provided services that reduced annual costs for psychiatric services by 50 percent. She stated that if the proposed cuts to the SHARP II program resulted in the loss of employees who were recipients of the program it would pull the rug out from many organizations depending on the valued employees. She spoke to other negative impacts that would occur if the

program was discontinued. She urged the committee to restore the funding.

1:46:15 PM

MARIANNE MILLS, PRESIDENT, ALASKA GERIATRIC EXCHANGE NETWORK, JUNEAU, spoke in support of \$325,000 for the Family Caregivers Support program and \$545,000 for Nutrition Transportation and Support (NTS) grants, which effectively prevented or delayed costly institutional care. She communicated that family members were the foundation of long-term care for older persons in Alaska. The goal was to help caregivers last as long as possible in the unpaid but rewarding role. She relayed that caring for an older person with dementia or physical disabilities could be physically and emotionally demanding and caregivers often neglect their own health. The Family Caregivers Support program offered training and provided services such as respite care. She listed other program benefits. She shared that the NTS grants served an increasing number of seniors. The program resulted in greater reductions in nursing home placement. She addressed additional program benefits including cost savings.

1:49:59 PM

DENISE DANIELLO, EXECUTIVE DIRECTOR, ALASKA COMMISSION ON AGING, JUNEAU, spoke in support of additional funding for the Family Caregivers Support program and the NTS program. The programs provided core services that helped older people retain or regain their health and independence for a low cost. She detailed that additional funding was needed to support a greater number of unpaid family caregivers and seniors. Additionally she spoke in favor of funding for the Alaska Heating Assistance Program; the program had served 20,453 low income households in FY 13. The program was very important for elderly individuals who were living on a fixed income. She testified in support of funding for the Complex Behavior Collaborative (CBC) that served vulnerable Alaskans with challenging behaviors including Alzheimer's and related dementia. She believed the program would help to build the state's community network of care and prevent out-of-state institutionalization. Collectively, the services helped seniors to live in their homes and communities with dignity.

1:52:09 PM

TOM CHARD, EXECUTIVE DIRECTOR, ALASKA BEHAVIORAL HEALTH ASSOCIATION, JUNEAU, urged the committee to adopt the recommendation to fully fund substance abuse services. He relayed that cutting residential treatment funding would mean cutting programs such as Akeela, Cook Inlet Tribal Council, Fairbanks Native Association, Nugen's Ranch, Salvation Army, Volunteers of America in Alaska, and other. He discussed the governor's proposed \$3.3 million behavioral health grants would wipe out the remainder of a one-time capital increment from a couple of years back. Providers had been flat-funded for several years in grants and Medicaid reimbursement. He stressed the importance of increasing the priority of working on mental health and substance abuse in Alaska. The effects were seen in the state's prison system, on the street, in hospitals, and in other locations. He applauded the co-chair on his work battling Fetal Alcohol Spectrum Disorder. He observed that the budget reality was not matching up with the priority. He did not know how to reconcile a \$2 million cut included by the House with some of the priority projects.

[1:55:20 PM](#)

RON LITTLE, DIRECTOR, ADULT SERVICES, REACH INC., JUNEAU, testified in support of funding for the Complex Behavior Collaborative. He detailed that the program was developed the prior year to assist individuals and their families who were experiencing severe behavioral issues putting the individuals in a category as possible candidates for long-term institutionalization. He spoke to the program's success and dramatic developments for clients that had been in danger of being institutionalized. He greatly appreciated the funding.

[1:56:37 PM](#)

MILLIE RYAN, EXECUTIVE DIRECTOR, REACH INC., JUNEAU, testified in support of funding for the Complex Behavior Collaborative. She communicated that the program had made a significant difference in people's lives. She detailed that the program had allowed families to keep individuals with behavioral issues at home instead of in institutions. Additionally, the program benefitted Reach staff who were more confident serving individuals with complex behaviors. She thanked the committee for its support.

[1:57:32 PM](#)

JOY LYON, JUNEAU EARLY LITERACY COUNCIL, JUNEAU, spoke in support of funding for early education and Best Beginnings. She thanked the committee for holding the line on funding early education. She stated that investing in a child's early learning experience would save money in the future. She communicated that all of the Southeast communities enrolled in the Imagination Library had shown remarkable gains. She expected to see the same results in other communities supported by the programs throughout the state. She stressed that starting from birth was the key; by the time a child is four years of age there is a 30 million word gap in what some children had been exposed to versus others. She detailed that 20 minutes a day of reading time with parents equated to 500 hours of reading time by a child entered Kindergarten. The program cost approximately \$30 per year for each child. She elaborated that for an additional \$150,000 Alaska could be tied with Tennessee (Dolly Parton's home state where she had started the program).

[2:00:26 PM](#)

JENNIFER BROWN, DIRECTOR, RAINFOREST RECOVERY CENTER, BARTLETT REGIONAL HOSPITAL, JUNEAU, thanked the committee for restoring the \$2.43 million cut to substance abuse treatment programs. She asked members to adopt the budget subcommittee recommendation to maintain the funding. The center received grant funding totaling \$589,000; the center had served 633 clients in FY 13 with 194 served in the high intensity short-term residential treatment program. Approximately 26 percent of the individuals served in residential treatment services were from outlying areas. She spoke to the shortage of available treatment beds throughout the state; the average wait time for a bed at the center was 14.5 days. She expounded that the prior year 60 percent of the individuals receiving services were self-pay; \$2 million had been written off by the organization as charity care. She shared a story related to a woman who had lost the battle with substance abuse. She stressed that substance dependence was a disease and not a choice; people needed proven treatment and not judgment. She stated that no one needed to die from the disease.

[2:03:35 PM](#)

ROBERT MULLER, BOARD MEMBER, NATIONAL ALLIANCE FOR THE MENTALLY ILL, JUNEAU, urged the committee to restore funding for residential substance abuse treatment programs, behavioral health programs, and mental health programs. He spoke from the perspective of a consumer of mental health services in the community. He shared a personal story related to his past homelessness and difficulties with recovery. Various programs in Juneau had allowed him to begin the path towards full recovery. He emphasized that mental illness and substance abuse recovery was not always a clear upward trajectory. The support systems were crucial to maintaining the ability for consumers of the services to move forward. He shared that he was currently a full-time student at the University of Alaska Southeast. He thanked the committee for retaining the \$2.043 million that had been cut from the House version of the budget. He shared that individuals who overcame the stigma of mental illness and substance abuse wanted to be contributing members of the community.

[2:06:50 PM](#)

ELIZABETH EILERS, PLANNED PARENTHOOD, JUNEAU, urged the committee to restore funding for the third year of the Chlamydia Campaign. Since the year 2000 Alaska had ranked one or two for the highest rate of Chlamydia; the sexually transmitted infection was so pervasive because many infected individuals did not show symptoms. When treated promptly the disease has no long-term health effects, but in order for individuals to be diagnosed health professionals required adequate resources. Funding the program enabled people to take responsibility for their health and wellbeing. She stressed that the costs of ignoring the public health issue was much greater than the cost of the intervention program. She emphasized that the state could not afford to not continue funding for the program.

[2:08:16 PM](#)

ALYSON CURRY, SELF, JUNEAU, spoke in support of restoring funding for the Chlamydia Campaign. She stressed that the state could not afford to discontinue funding for the program due to the devastatingly high rates of Chlamydia in Alaska. She thanked the committee for its consideration.

Vice-Chair Fairclough asked if there was a dollar amount associated with the funding request. Ms. Curry replied that the figure was \$360,000.

[2:09:08 PM](#)

ROBYN STEVENS, SELF, JUNEAU, spoke in support of restoring funding for the Chlamydia Campaign. She voiced that sexually transmitted disease was the first point of contact for many people taking charge of their own health and wellbeing. She stated that sexual health was not a continual upward trajectory. She communicated that setting a person on a clear path from the beginning the benefits would far outweigh the detriments.

[2:10:12 PM](#)

VICKIE TINKER, COORDINATOR, KENAI PENINSULA FETAL ALCOHOL SPECTRUM DISORDER (FASD) PARTNERSHIP, KENAI PENINSULA, thanked the committee for continued funding for residential substance abuse treatment programs. She pointed to an obvious overlap between FASD and substance abuse. She discussed that the reasons women knowingly drink during pregnancy were complex. Studies showed that women who drink during pregnancy have significant trauma histories. She urged the state to support long-term substance abuse treatment that addressed trauma. She asked for long-term inpatient treatment with quality follow up for women with FASD.

[2:11:45 PM](#)

PHIL MATTHEIS, PHYSICIAN, FASD PARTNERSHIP, JUNEAU, urged the committee to restore funding for residential substance abuse treatment programs. He had diagnosed well over 500 people in the state with FASD in the past 15 to 20 years. He stated that maintaining the funding for alcohol treatment directly related to the partnership's clientele. He was primarily interested in maintaining and improving outcomes for individuals with FASD. He shared that individuals with FASD were more difficult to treat and were more likely to need substance abuse treatment. He relayed that women with FASD were the most likely to drink when pregnant.

[2:12:55 PM](#)

JUNE DEGNAN, PRESIDENT, HAVEN HOUSE JUNEAU, JUNEAU, spoke in support of funding for Haven House Juneau. The faith-based organization provided accommodations for women exiting prison. The organization had struggled with the "not in my back yard (NIMBY)" challenge. The group had a home and wanted to provide women coming out of prison with a safe shelter. The group had received two grants in the past two years; however, it was struggling with the NIMBY challenge. She hoped the situation would change. She hoped the legislature could help. Her goal was to help provide Alaskans with the opportunity for a better life. She read a piece of writing she had authored:

They could be a cousin, sister, mother, or a distant relative living out a sentence for a number of associated felonies tucked away in Lemon Creek or in the Highland Park Correctional Center. Repeat offenders in a vicious cycle of recidivism in a state where incarceration is a business without an ounce or thought of rehabilitation. Locked up in a Gulag of hopelessness as victims of domestic violence, mental illness, alcoholism, or drug abuse. Whose problems are never addressed during confinement or contact. Leaving a prison to live in the outside world they become repeat offenders due to neglect, abuse, and the justice system's blind-eye approach to rehabilitation. We can stop this vicious cycle through intervention by creating safe shelters like Haven House Juneau; a 501(c)3 faith-based non-profit charity, a safe shelter for women exiting prison. Join our team today and help offer hope. It is better to light one candle than to curse the darkness.

[2:16:39 PM](#)

MICHELLE VAUGHN, SELF, JUNEAU, testified in favor of full funding for the SHARP II loan repayment program. She worked as a clinical pharmacist at SEARHC in Juneau and was a SHARP II recipient. She echoed comments from prior testimony that the loss of funding would be devastating for clinicians who moved to live and work in Alaska while carrying a significant student loan burden. She disputed the perception that recruitment and retention of medical professionals was strictly a rural issue; the problem also existed in urban areas in safety net clinics that served underserved and Medicaid patients. She detailed that SEARHC currently had more than 10 unfilled clinical positions;

several of the positions had been open for over one year. The high turnover rates were disruptive to patient care. She discussed that Juneau's high cost of living combined with high student loan debts it was difficult to recruit people to move to Alaska. She pointed out that temporary workers came to Alaska, earned money, and took their earnings back to the Lower 48. She shared that she had made Juneau home; the money professionals earned in Alaska stayed in state. She stressed the successfulness of the program.

Co-Chair Kelly noted that there were no guarantees, but an amendment to restore a substantial portion of the funding had been drafted.

[2:20:13 PM](#)

DR. J. KENNAN KIRK, SELF, JUNEAU, testified in favor of full funding for the SHARP II loan repayment program. He thanked the committee for its consideration on restoring the funding. He emphasized that the costs associated with the continual recruitment of healthcare providers and temporary providers were significant. He spoke to the difficulty of retaining quality healthcare providers. The turnover and inconsistency of providers negatively impacted patients. He relayed that costs spent on recruitment of providers and temporary providers could be better spent on providing healthcare.

Senator Olson asked Dr. Kirk where he was from and where he had attended medical school. Dr. Kirk replied that he was from Virginia. He had attended Eastern Virginia Medical School and had completed a residency program at North Colorado Family Medicine in Greeley, Colorado.

Senator Olson inquired how instrumental the SHARP program had been in Dr. Kirk's decision to practice in Alaska. Dr. Kirk responded that the program was very important to him. He had graduated medical school and finished residency with over \$200,000 in loans.

[2:22:49 PM](#)

CHRISTINA LOVE, JUNEAU REENTRY COALITION, JUNEAU, urged spoke in support of residential substance abuse treatment programs. She discussed her past history with substance abuse and her family history. She spoke about addiction to

drugs and alcohol and the feeling of hopelessness and despair. She shared that her disease had been a catalyst for discrimination, verbal abuse, and physical and sexual assault. She recalled a suicide attempt. She felt she had been saved in her process of recovery. She shared that a vital step for her recovery was sobriety. She understood that her disease was a meaningful response to a traumatic life event. She learned that she could be healed and whole again. She pointed to statistics that 1 in 100 citizens in the U.S. were confined to jail; 80 percent of the offenders abuse drugs and alcohol and 50 percent were clinically diagnosed. She spoke to the importance of treating the disease and not only the side effects. She thanked the committee for funding treatment programs.

[2:25:51 PM](#)

KARA NELSON, JUNEAU REENTRY COALITION AND HAVEN HOUSE, JUNEAU, thanked the committee for funding residential substance abuse treatment programs. She emphasized that recovery is a solution. She was co-director of the Haven House and was honored to be a part of healing for women. She spoke of her past issues with substance abuse. She relayed that incarceration had not been the answer for her, but that treatment had worked. She spoke of the value of reentry services and peer support after the completion of treatment. She noted that the stigma on active addiction was also placed on individuals in recovery. She reiterated her thanks to the committee.

[2:28:49 PM](#)

BOB BARTHOLOMEW, FINANCE DIRECTOR, CITY AND BOROUGH OF JUNEAU, appreciated the various forms of state assistance included in the operating budget, grants, and capital projects. He spoke in support of the restoration of \$10 million in revenue sharing. He detailed that the proposed revenue sharing reduction would mean a loss of \$340,000 to Juneau. He stressed that the community revenue sharing was essential funding that went to road maintenance in Juneau. The reduction would add to deferred maintenance issues the city was working to balance. He understood challenges the state had related to determining how to allocate the limited resources. He shared that Juneau was also facing the challenges of working with a limited budget; it was looking at reducing services and had proposed a tax increase. The city was using reserves to balance the

following two years. He asked the committee to consider revenue sharing as an essential program. Additionally, he spoke in support of restoring the governor's proposed \$3 billion cash infusion to PERS. He believed it would take a large upfront contribution from the state and local governments to reach a sustainable operating budget that would fund the annual unfunded liability. He believed the proposal offered a good balance. He encouraged the committee to consider that the plan had a sustainable component that would benefit the state and local governments.

Co-Chair Kelly reiterated his earlier remark that an amendment was being drafted to restore most of the funding to the SHARP program.

^PUBLIC TESTIMONY: KODIAK, DILLINGHAM, KENAI

[2:34:19 PM](#)

PAT BRANSON, MAYOR, CITY OF KODIAK (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing, the governor's proposed \$3 billion cash infusion into PERS, and the 22 percent cap for the employers' share of PERS. She addressed revenue sharing and relayed that Kodiak currently had approximately \$400,000 from the program; the funds were used to fund multiple agencies and infrastructure in the community. The proposed decreases through FY 20 would ultimately provide the community with \$165,000. She spoke to the importance of the funds for police, fire, ports, harbors, and city water and sewer. The community had raised its sales tax to 7 percent in order to support city services. She stressed than an increase in the employers' contribution to PERS from 22 percent to 24 percent would have an impact of over \$300,000.

[2:36:43 PM](#)

CAROL SHADE, FINANCE DIRECTOR AND ACTING CITY MANAGER, CITY OF DILLINGHAM (via teleconference), spoke against the proposed \$10 million cut to revenue sharing. She stated that a cut of any magnitude would leave the community reeling to find footing. She relayed that the community needed more time to find fair solutions to problems that were not necessarily its doing. Currently the citizens of Dillingham paid 13 mills on real and personal property, 6

percent sales tax, and a 10 percent alcohol and bed tax. The city did not have room to increase the taxes due to the high cost of living in the community. She testified in favor of the governor's proposed \$3 billion cash infusion into PERS. She offered that the \$3 billion cash infusion would help in the long-term.

[2:39:11 PM](#)

DILLON RAY BENNETT, BRISTOL BAY AREA HEALTH CORPORATION, DILLINGHAM (via teleconference), spoke in support of Community Health Aide Training Program grants. He relayed that two-thirds of patients in the Bristol Bay region saw a community health aide prior to seeing any other provider. A funding cut of 50 percent would be detrimental to the program. He stated that it was unrealistic to think that telemedicine and distance learning would compensate for hands on training. He stressed that the transition to the distance learning and telemedicine had just begun; he did not believe the full transition would occur for some time. He stated that the new distance learning would only save about \$2,000 for each student out of the allotted \$15,000. He listed new costs associated with distance learning. He urged the committee to maintain funding for the program.

[2:41:40 PM](#)

ELAINE PHILLIPS, TRAINING SUPERVISOR, COMMUNITY HEALTH AIDE PROGRAM, BRISTOL BAY AREA HEALTH CORPORATION, DILLINGHAM (via teleconference), spoke in support of funding for the Community Health Aide Training Program grants. She shared that the population of Bristol Bay villages all increased five-fold each May to August. Commercial fishermen and tourists all lived in the area during the summer season. She asked the committee to consider what would happen if one of the tourists were injured or became sick. She discussed health aides in various areas. She discussed how inadequate training would impact the communities. She shared that the training centers already struggled to provide sufficient training. She pointed to the importance of the health of the Alaska Native population. The grants filled a statewide need.

[2:44:45 PM](#)

BERNA RAE ANDREWS, MANAGER, COMMUNITY HEALTH AIDE PROGRAM, BRISTOL BAY AREA HEALTH CORPORATION, DILLINGHAM (via

teleconference), spoke in support of funding for Community Health Aide Training Program grants. She spoke to the origin of the program. She communicated that the program had been a great step forward in providing healthcare in remote regions of the state. She stressed that community health aide practitioners took on a significant responsibility in villages and were the first line of healthcare. In many villages the aides were the only ones to respond to emergency situations. She urged the legislature to maintain funding for the program.

[2:46:36 PM](#)

ROBYN CHANEY, CHAIR, DILLINGHAM IMAGINATION LIBRARY, DILLINGHAM (via teleconference), spoke in support of funding for Best Beginnings and the pre-school grant program. The Imagination Library currently provided a free book to over 90 percent of the children under the age of five in Dillingham and surrounding communities. She asked for continued support for the pre-school grant program. Her adopted special needs daughter had entered Head Start as a three year old due to the program. The extra year of Head Start impacted children's ability to learn and to start Kindergarten on track.

[2:48:16 PM](#)

MONICA ADAMS, CHIEF EXECUTIVE OFFICER, PENINSULA COMMUNITY HEALTH SERVICES, SOLDOTNA (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She provided an example related to the importance of the program; the organization had recently lost a candidate for a position due to the uncertainty of the SHARP program. She noted that an immediate and urgent need existed related to the restoration of funds for the program.

[2:49:30 PM](#)

PATTY EISSLER, HUMAN RELATIONS DIRECTOR, PENINSULA COMMUNITY HEALTH SERVICES OF ALASKA, SOLDOTNA (via teleconference), thanked the committee for reconsidering the SHARP loan repayment program. The program had been a great recruitment tool for the organization.

[2:49:53 PM](#)

MARY TOUTONGHI, SELF, SOLDOTNA (via teleconference), spoke in support of funding for education. She agreed with gubernatorial candidate Byron Mallott that education was essential to the state and should be funded as a priority. She believed underfunding education was the equivalent to shortchanging Alaska's future. She spoke against cuts to infant learning programs. She shared that the Kenai school district would require a minimum Base Student Allocation (BSA) increase of \$268 to meet the \$4.5 million deficit it was currently facing. She highlighted cuts to the reduction in medical services for low income citizens. She stressed that the proposed budget did not meet needs or priorities related to the topics she discussed.

[2:52:20 PM](#)

PEPPER POND, KENAI/SOLDOTNA IMAGINATION LIBRARY, CENTRAL PENINSULA (via teleconference), spoke in support of funding for Best Beginnings and for an increase of \$150,000 to the Imagination Library. She relayed that the state had 40 percent of its children signed up to receive a free book from birth to the age of five. The program was currently maxed out financially and could not afford to provide books to any additional children. The additional funding would provide books to an additional 5,000 children. She spoke to an increase in Kindergarten readiness and literacy resulting from the program. She spoke to the importance of parents reading to their children. She shared information about specific services provided by the program. She relayed that investing in children was an investment in the state's future.

^PUBLIC TESTIMONY: OFFNET

[2:54:40 PM](#)

DAN MCCOY, CITY MANAGER, CITY OF AKHIOK, AKHIOK (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing funding. He stated that the revenue sharing funding went towards Akhiok's infrastructure and that the cuts would affect small communities the most. He was unsure how Akhiok would provide for water, sewer, power, and basic infrastructure needs without the funding. He related that Akhiok used diesel-electric for power and that without the revenue sharing, its infrastructure would continue to crumble and go away.

[2:56:44 PM](#)

LINDA AMODO, MAYOR, CITY OF AKHIOK, AKHIOK (via teleconference), testified in support of the restoration of \$10 million in revenue sharing and the governor's proposed \$3 billion cash infusion into PERS; additionally, she spoke in support of keeping the 22 percent salary cap that went towards PERS. She stated that as a small community, Akhiok's survival depended on the funding that revenue sharing provided.

[2:57:38 PM](#)

RICK KOCH, CITY MANAGER, CITY OF KENAI, KENAI (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 revenue sharing was one of the ways that the state reached citizens in communities or municipalities in Alaska. He stated that the City of Kenai understood that the \$3 billion cash infusion was a significant amount, but noted that the unfunded liability was also a significant amount that was shared by the state, communities, and municipalities. He thought that there was some room for compromise on the unfunded liability and opined that if the \$3 billion cash infusion was made, some municipalities and other pension plan participants might favorably consider raising the contribution rate to 24 percent. He thought that there was a real opportunity for the legislature and elected officials to show leadership and deal with the unfunded liability in the state's pension plan. He did not want to see the problem with the unfunded liability passed on for future generations to solve.

[3:00:26 PM](#)

PATRICIA PHILLIPS, MAYOR, CITY OF PELICAN, PELICAN (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. She related that revenue sharing targeted unmet needs in chronically disadvantaged rural areas and helped pay for clean water, bulk fuel, the operation and maintenance of water and wastewater treatment facilities, and the operation and maintenance of electrical power generation facilities. She stated that the residents of Pelican paid a 4 percent sales tax, a 7 mill rate on

property tax, a 10 percent bed tax, and user fees for public services; the community did not have cell phone service, the health clinic was 35 years old and did not meet code, and there was a housing shortage. She stated that through property tax foreclosure, the city now owned the former Pelican Seafood plant; furthermore, the Pelican City Council realized that this facility was crucial to its economic recovery. She spoke of the challenge of realigning and revitalizing Pelican's economic recovery and offered that community revenue sharing was also key to the effort; it was the one program that favored all communities equally and represented a significant commitment to approving the future of Pelican. She spoke to the \$3 billion cash infusion into PERS and thought that it made sense to deal with the issue now. She thanked the legislature for stabilizing the PERS requirement to 22 percent and related that as a contributor to PERS, it helped the City of Pelican attain a fiscally sound budget if there was a feasible dollar-certain amount requirement.

[3:02:35 PM](#)

SUSANA SPINNETT, CITY MANAGER, CITY OF ST. MARY'S, ST. MARY'S (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and related that the funding was very important to St. Mary's and other communities for securing diesel for heating in the winter. She explained that diesel for heating was a major expense in sustaining operations such as the water plant in St. Mary's. She explained that water was a basic need in life and that the revenue sharing would help St. Mary's sustain its community.

[3:04:04 PM](#)

PATRICK CLEVELAND, ADMINISTRATOR, CITY OF QUINHAGAK, QUINHAGAK (via teleconference), testified in support of the restoration of \$10 million in revenue sharing. He stated that Quinhagak was a second class city with a population of about 689 and relayed that revenue sharing accounted for 39 percent of the city's total budget; the funding was essential for the city's efforts to provide basic municipal services that were likely taken for granted in many hub towns and urban areas. He stated that diminished commercial fishing opportunities in the area had reduced Quinhagak's revenue from local sales tax, which accounted for 42 percent of its revenues; more importantly, the loss of

fishing opportunities was diminishing Quinhagak's citizens' ability to pay for services. He relayed that losing the revenue sharing funding would result in cuts to Quinhagak's administration, public works, and village council functions. He recalled hearing of urban school districts and large municipalities having difficulties dealing with 5 percent and 10 percent cuts and wondered why rural residents were expected to deal with less funding and cuts like the possible 39 percent budget cut that the loss of revenue sharing would mean to Quinhagak. He stated that it took money to make money and that the loss of revenue sharing would severely limit Quinhagak's ability to obtain any community development grants. He admitted that there were some families and communities who were experiencing third-world conditions and asserted that revenue sharing should not be taken away from rural villages as it might be their only option for funding.

[3:07:15 PM](#)

SKIP RYMAN, MANAGER, CITY AND BOROUGH OF YAKUTAT, YAKUTAT (via teleconference), spoke in support of keeping the revenue sharing at the \$180 million level and testified in favor of the governor's proposed \$3 billion cash infusion into PERS. He read from submitted written testimony (copy on file).

Good afternoon Mr. Chairman, my name is Skip Ryman. I am the manager for the City and Borough of Yakutat and a sixty year resident of that municipality. I am proud to be a part of a community that stepped up to the plate 22 years ago and took on the responsibility to become a borough in partnership with the State.

I recognize the challenging revenue picture looming before you. I appreciate the fact that the operating budget for the State is in deficit spending and you are challenged to find a sustainable spending level as we move into the future. Nonetheless, I am adding my voice to the chorus of those requesting that municipal revenue sharing remain in your operating budget at the 180 million dollar level.

The City and Borough of Yakutat, like all municipalities exists to offer basic necessary services to our citizens. Sewer and water, highway maintenance, police protection, fire protection, harbor facilities, electrical power, waste disposal, planning, etc. To provide these services our operating

budget too has risen. So much so that the amount we have received in revenue sharing over the years has been totally consumed by increases in insurance, fuel and transportation.

We have done everything we can to secure revenues necessary to continue these basic services. Our wage scale rests around 40% below state averages. We have a 10mil property tax, a 5% sales tax, an 8% visitor bed tax, graduated severance tax, a raw fish tax on landings and reasonably aggressive enterprise fund fees. At every opportunity we parley local and state revenue into federal matching programs. Concentrating on efficiency, we have consolidated staffing through attrition and cross utilization. We have invested in the distribution of waste heat from our electrical plant to the school campus and public safety facilities. We are investing in the use of biofuels to heat public buildings. We have upgraded our school campus's electrical and lighting system and achieved a 60% cost savings to them by doing so. Still we are losing ground in our battle to meet rising costs.

In closing I want to add how the Governor's 3 billion dollar deposit in response to the PERs unfunded mandate is sound fiscal policy and I urge its favorable consideration.

I am not here looking for a handout. I am seeking to be your partner in providing vital service to Alaskans and I thank you for your time and consideration.

[3:09:50 PM](#)

SARAH MILLER, SELF, NOME (via teleconference), testified in favor of full funding for the SHARP loan repayment program. She related that she was testifying on behalf of her husband who was physician at Norton Sound Health Corporation. She shared that her husband had begun working in Nome in August and that he had accepted the job over jobs in the Mat-Su and Anchorage because of the SHARP program. She understood that funding would be restored to the program. Co-Chair Kelly interjected that her understanding was correct.

Ms. Miller continued her testimony and related that the SHARP program not only benefited her family, but was also a direct investment in patient care; it was one of the only incentives that bush regions of the state had to offer to

new physicians. She stated that because of the high volume of medical school loans, her family had to be selective with the employment opportunities that they took. She stated that half of her family's income when they were living in a bush area went towards medical school loans and that the other half just about covered the cost of living; without SHARP funding, her family would be unable to afford living and working in Rural Alaska. She related that the hospital in Nome also served 14 surrounding villages and that there were not that many doctors on staff there; there was a large need for physicians in Nome. She reported that 60 percent of doctors on staff in Nome were within 5 years of retirement and that North Sound Health Corporation would need every incentive it could offer to attract new physicians; SHARP was not only a recruiting tool, but was also a direct investment in providing direct access to patient care in Rural Alaska.

[3:12:21 PM](#)

DON PEGUES, MAYOR, CITY OF TENAKEE SPRINGS, TENAKEE SPRINGS (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing. He related that the revenue sharing funding was 67 percent of Tenakee Springs' general government budget and that it was really needed.

[3:13:06 PM](#)

ELSIE VENT, CITY ADMINISTRATOR, CITY OF HUSLIA, HUSLIA (via teleconference), testified in support of the restoration of \$10 million in revenue sharing and the governor's proposed \$3 billion cash infusion into PERS. She related that the City of Huslia would not be able to operate without revenue sharing and that it kept the city going; without the funds, Huslia would not be able to pay for its fuel, electricity, water, and basic services.

[3:14:03 PM](#)

BARBARA HIGGINS, CITY MANAGER, CITY OF PILOT POINT, PILOT POINT (via teleconference), testified in support of the restoration of \$10 million in revenue sharing. She related that the revenue sharing allowed Pilot Point to provide the critical services of water, sewer, landfill, and bulk fuel to its residents; a reduction in these funds would jeopardize people's health and limit economic development and other functions that served the regional fishing

community and industry. She concluded that without committee revenue sharing, Pilot Point's ability to provide for its own self-governance would be greatly diminished.

[3:15:17 PM](#)

ISABELLE JACKSON, CITY CLERK, CITY OF SHAKTOOLIK, SHAKTOOLIK (via teleconference), testified in favor of restoring the \$10 million in funding for community revenue sharing; the funds were beneficial to the cities for operating expenses. She supported keeping the PERS rate at 22 percent.

Co-Chair Kelly inquired what the name Shaktoolik meant. Ms. Jackson was unsure of the answer.

[3:16:45 PM](#)

PAUL CHIMIUGAK, ADMINISTRATOR, CITY OF TOKSOOK BAY, TOKSOOK BAY (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and spoke against cuts to PERS. He stated that as a rural-village community, Toksook Bay did not have any sources of funding to fall back on if the revenue sharing funding was cut; as a result, it would not have any other means to cover the loss in revenue. He reported that revenue sharing was a huge part of Toksook Bay's budget and that cuts in revenue sharing the previous year had cost the city 1 employee. He concluded that cutting revenue sharing would be a big loss to his community's economic situation and spoke against PERS being cut.

EMILY GRAY, CITY COUNCIL MEMBER, CITY OF ALLAKAKET, ALLAKAKET (via teleconference), testified in support of the restoration of \$10 million in revenue sharing and related that the funding went a long way in communities. She pointed out that the state revenue sharing was vital for various projects that communities needed. She asked the committee not to forget Alaskan residents and those that lived in rural communities.

[3:20:39 PM](#)

GEORGE SAM, ADMINISTRATOR, CITY OF LOWER KALSKAG, KALSKAG (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and read a letter from the city council. He related that revenue sharing funds had

always helped the city keep its municipal office open to its full capacity; the community of Lower Kalskag would be starting a water and sewer project in the following summer. He related that the residents of Lower Kalskag were looking forward to the local income from working on the project for the next 6 years; the water and sewer project would greatly improve the area's health standards. He concluded that the revenue sharing funds would enable the city office to be open at all kinds of hours while the project was underway.

[3:23:06 PM](#)

BORIS L. EPCHOOK, MAYOR PRO TEMPORE, CITY OF KWETHLAK, KWETHLAK (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and related that the funding was a vital piece of revenue to the City of Kwethlak in terms of providing adequate public health and safety services; the funding also assisted with the high cost of heating fuel in the region. He spoke of the high costs of living in rural communities and related that revenue sharing was an important part of Kwethlak's operating budget; the cut in funding would lead to proposed reductions in services, general administrative services, and public safety services. He stated that revenue sharing was very important to rural communities that had subsistence-based economies.

[3:24:46 PM](#)

JACQUES LONGPRE, MAYOR AND VOLUNTEER CITY MANAGER, CITY OF ANIAK, ANIAK (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and spoke against the concept of phasing revenue sharing out. He reported that he had been volunteering as the city manager for about a year and that due to budgets cuts, Aniak could no longer pay for a city manager. He thought that cutting revenue sharing was another way of phasing out the village communities in Alaska and reported that state revenue sharing accounted for one-third of Aniak's budget; it would "break" the community to not have the funding. He relayed that Aniak was the hub community for the region and that it housed the regional clinic, school district, and trooper post; it was also the freight and commerce hub. Currently, fuel in Aniak was selling for \$7.27 per gallon and gas was \$7.40 per gallon. He related that Aniak was not asking for handouts, but was requesting basic services such as heating its fire station, plowing roads, maintaining sewer service,

and keeping a safe dump. He opined that without revenue sharing, a lot of smaller communities across Alaska would die off.

[3:26:33 PM](#)

EMILY DEACH, INTERIM BOROUGH MANAGER, MUNICIPALITY OF SKAGWAY, SKAGWAY (via teleconference), testified in support of the restoration of \$10 million in revenue sharing and the governor's proposed \$3 billion cash infusion into PERS. She stated that although Skagway was not as small as some communities, it was still fairly small and that the cut in revenue sharing would affect the city greatly. She stated that Skagway used the revenue sharing funding to subsidize its fuel and electricity costs, to offset increasing insurance costs, and other general operating costs. She appreciated that the 22 percent contribution rate for PERS was maintained.

Ms. Deach thanked the committee for listening to everyone around Alaska. Co-Chair Kelly responded that it was a not a courtesy that the committee was extending, but that public testimony was a constitutional right that the committee was privileged to reside over.

[3:28:17 PM](#)

STEPHANIE SCOTT, MAYOR, HAINES BOROUGH, HAINES (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. She agreed with the governor that payments to the unfunded liability were the greatest threat to the communities and municipalities. She thanked the committee for holding the 22 percent rate of the salary that municipalities contributed to PERS. She agreed with the governor that the payments to the unfunded liability were the single largest cost driver in the state's operating budget and biggest threat to its credit rating. She suspected that the health of the state may be the largest predictor of the health of communities, particularly regarding the small municipalities. She explained that Haines' tax base was constrained by the acreage owned by the state and the federal government, and reported that the federal government owned 66 percent of the land in the Haines Borough; thanks to help from the federal delegation, Haines would receive payment in lieu of taxes again this year for those lands. She stated that

privately held land accounted for 1.3 percent of the Haines Borough's land base and that it represented the borough's tax base. She explained that the state held 32 percent of the land in the Haines Borough and that the state's payment in lieu of taxes program was the revenue sharing. She stated that as long as the Haines Borough had so little private taxable land at its disposal, maintaining the \$60 million dollar amount in revenue sharing would be critical to maintaining the essential services the borough provided.

[3:30:26 PM](#)

JANET MITCHELL, CITY ADMINISTRATOR, KIVALINA CITY COUNCIL, KIVALINA (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. She stated that Kivalina had to ensure the health and safety of its community, which was already difficult financially without the cuts to revenue sharing; the city's operating budget averaged about \$1.3 million annually and the city received \$114,000 from the State of Alaska. She explained that Kivalina had to supplement a majority of its revenues with its gaming permit in order to supplement the water operations. She explained that Kivalina did not have water and sewer services and did not collect fees on a monthly basis from the community; part of revenue sharing was used to purchase fuel at \$6.54 per gallon and the plant used 546 gallons per month. She explained that electricity was pre-paid every year because \$114,000 did not stretch very far. She related that Kivalina supplemented general operations, road maintenance, landfill maintenance, erosion control, emergency administration, and snow removal for public facilities. She reported that Kivalina only averaged \$25,000 in additional revenues from the Northwest Arctic Borough annually if it was lucky; most of the city's revenue came from income for gaming activities. She opined that it would be very difficult for the city to operate if it lost its gaming revenues. She stated that the lack of funds had forced Kivalina to cut work hours, but observed that it would be unable to cut anymore hours if the revenue sharing funding was cut; the workload was too high to make additional work-hour cuts. She stated that there were 2 employees in Kivalina's city office that wore "many hats" and relayed that the city was very short staffed.

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AMY TITUS, CITY CLERK, CITY OF WHITE MOUNTAIN, WHITE MOUNTAIN (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and related that it was 68 percent of White Mountain's municipal budget. She stated that the revenue sharing helped pay for utilities, insurance, fuel, personnel wages and benefits, bulk fuel, public safety, water, sewer, road maintenance, as well as for coordinating state and municipal elections. She thought that the revenue sharing program was critical.

3:35:04 PM

LAYTON LOCKETT, CITY MANAGER, CITY OF ADAK, ADAK (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 revenue sharing made up about 15 percent of Adak's municipal budget and offered that the municipality could not afford to cut more without denying its citizens basic services. He reported that about 30 percent of Adak's municipal budget was used for electricity and that its police department had only 1 officer; additionally, there was no support staff in the city office other than the clerk and himself and the municipality was generally understaffed for maintaining its basic services of sewer, water, and garbage. He stated that Adak's school district was a Regional Educational Attendance Area (REAA) and that the city provided a facility that housed the city office, school, clinic, and post office; Adak was recovering what it could through the limited financial resources from each agency, but was doing so well below the costs incurred in providing the school district and the clinic with the ability to provide core services. He stated that Adak was conserving resources in order to meet significant current and future needs of the community; however, it needed the assistance that it obtained through the revenue sharing program. He spoke of the high cost of residential electricity rates in Adak and thought that increasing the sales tax rate would cause more harm to the community than help to the city government. He understood that the \$3 billion was a large sum of money, but spoke in support of some sort of substantial cash

infusion into the PERS system. He concluded that Adak was doing everything it could to save money, including consolidation and energy efficiency.

[3:37:34 PM](#)

GLENN BENJAMIN, CITY CLERK, CITY OF SHAGELUK, SHAGELUK (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and related that the funding was one of the main funds that Shageluk used to sustain its community for public services; the funds also assisted with electricity and diesel to heat the "washateria" and clinic, as well as wages and workers compensation. She explained that Shageluk's only source of drinking water was its "washateria." She stated that communities in Rural Alaska lacked employment and had poor economic development; as a result, cutting \$10 million in revenue sharing would result in Shageluk's local budget becoming unstable.

[3:38:35 PM](#)

DOUG WHITEMAN, MAYOR, CITY OF ATQASUK, ATQASUK (via teleconference), testified in support of the restoration of \$10 million in revenue sharing funds and related that the funding gave each small rural community a chance to administer funds from the ground up, which was important.

[3:39:13 PM](#)

JAMES BERLIN, MAYOR, CITY OF NUNAPITCHUK, NUNAPITCHUK (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 the revenue sharing funds helped with most of Nunapitchuk's city budget and related that the city needed continued help with state revenue. He pointed out that Nunapitchuk's insurance, electricity, and heating costs were very high and were going up every year. He reported that the city's main services were water, sewer, the police department, and the "washateria." He stated that the city's police department and the washateria were both in need of new facilities. He spoke of the high cost of basic needs in Nunapitchuk and thought that freight and postage accounted for 40 percent of the cost of obtaining new goods in the village.

[3:41:32 PM](#)

WILLIAM C. PETERSON, ADMINISTRATOR, CITY OF NEW STUYAHAK, NEW STUYAHAK (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing. He related that New Stuyahak was dependent on revenue sharing and that it used the funds for public safety, landfill operations management, water, sewer, road maintenance, and other activities. He stated that New Stuyahak would be in a bind without revenue sharing and pointed out that the village was in one of the highest poverty areas in the state; he thought that public assistance was also declining. He stated that restoring the funding would be beneficial to all of the villages.

[3:43:16 PM](#)

SCOTT ANDERSON, MAYOR, PORT HYDEN, PORT HYDEN (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing and supported the 22 percent rate cap in PERS. He stated that without funding from revenue sharing, Port Hyden would not be able to keep its infrastructure operational.

[3:44:13 PM](#)

RICHARD ELACHIK SR., CITY CLERK, CITY OF ST. MICHAEL, ST. MICHAEL (via teleconference), spoke in support of the restoration of \$10 million in revenue sharing, supported the governor's proposed \$3 billion cash infusion into PERS, and also supported the 22 percent salary rate cap for contributions into PERS. He related that the revenue sharing funding helped keep the community of St. Michael going and helped reduce the pressures of rising sewer and water rates. He pointed out that the funding reductions would really hurt those who were not working.

[3:45:14 PM](#)

SUSANNA WASSILLIE, CITY CLERK, CITY OF NEWHALEN, NEWHALEN (via teleconference), testified in support of the restoration of \$10 million in revenue sharing and indicated that over half of Newhalen's income came from community revenue sharing.

[3:45:42 PM](#)

BRENDA BROWN, CITY MANAGER, CITY OF MOUNTAIN VILLAGE, MOUNTAIN VILLAGE (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. She stated that revenue sharing had a huge impact on Mountain Village and that it covered about 60 percent of its budget; without the funding, there would be a downfall in public safety, as well as the water and sewer system. She stated that although the infusion into PERS would not affect the local city government in Mountain Village, it would impact the Lower Yukon School District. She offered that the revenue sharing funding was vital for many communities, particularly for those in Rural Alaska.

Ms. Brown addressed a previous question from Co-Chair Kelly and responded that "Shaktoolik" meant "scattered things." She explained that the meaning came from the reindeer herding days. Co-Chair Kelly thanked Ms. Brown for the answer.

[3:47:34 PM](#)

DAN CLARION, MAYOR AND CITY MANAGER, CITY OF OUZINKIE, OUZINKIE (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 the revenue sharing funding was a huge portion of the City of Ouzinkie's budget and that the \$10 million cut represented the entirety of its public safety and road maintenance budget; the funding also paid a large portion of the city's insurance. He pointed out that a lot of the larger communities in Alaska might be able to absorb the cuts, but that Ouzinkie had a very small tax base; therefore, the city would have very little economic opportunity to absorb the revenue sharing cuts. He stated that Ouzinkie had recently been forced to increase the utility rates in order to make ends meet. He opined that if the cuts to revenue sharing were made straight across for all of the communities, Ouzinkie would have to discontinue several services. He recalled that it had been discussed in the past to do away with revenue sharing, but noted that the funding was very critical for Ouzinkie and other communities. He stated that Ouzinkie did not have health insurance or retirement benefits and that people were trying to get by with an income of somewhere between \$15,000 and \$25,000 per year, which barely paid the fuel for heating your house.

[3:50:42 PM](#)

Co-Chair Kelly discussed the schedule for the following week.

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

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

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ADJOURNMENT

[3:50:55 PM](#)

The meeting was adjourned at 3:50 p.m.