

HOUSE FINANCE COMMITTEE
February 29, 2016
1:33 p.m.

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CALL TO ORDER

Co-Chair Neuman called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair
Representative Steve Thompson, Co-Chair
Representative Dan Saddler, Vice-Chair
Representative Bryce Edgmon
Representative Les Gara
Representative Lynn Gattis
Representative David Guttenberg
Representative Scott Kawasaki
Representative Cathy Munoz
Representative Lance Pruitt
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Joan Brown, Staff, Representative Mark Neuman; Pete Ecklund, Staff, Representative Mark Neuman; Representative Sam Kito III; Dixie Hood, Self, Juneau; Mary Hakala, Self, Juneau; Gordon Kruse, Director, Fisheries Division, University of Alaska Fairbanks, Juneau; Mark Miller, Superintendent, Juneau School District, Juneau; Bruce Van Dusen, Executive Director, Polaris House, Juneau; Crystal Bourland, Executive Director, National Alliance on Mental Illness (NAMI), Juneau; Joan O'Keefe, Executive Director, SAIL, Juneau; Maxine Doogan, Community United for Safety and Protection, Juneau; Michele Morgan, Juneau Stop Heroin Start Talking, Juneau; William Musser, Self, Juneau; Terra Burns, Community United for Safety and Protection, Juneau; Kara Nelson, Director, Haven House, Juneau; Rosalie Nadeau, AKEELA, Juneau; David Lendrum, Professional

Horticulturalist, Juneau; Walter Majoros, Executive Director, Juneau Youth Services, Juneau; Jayne Andreen, President, Alaska Public Health Association, Juneau; Lorraine DeAsis, Parent, Juneau; Pamela Watts, Executive Director, Juneau Alliance for Mental Health, Juneau; Marianne Mills, President, AgeNet, Juneau; Deacon Charles Rohrbacher, Self, Juneau; Amy Lujan, Executive Director, Alaska Association of School Business Officials, Juneau; Stan Lujan, Board Member, Alaska Association of School Business Officials, Juneau; Richard Cole, CoastAlaska and KTOO, Juneau; Abbe Hensley, Executive Director, Best Beginnings, Juneau; Corinne Conlon, Self, Juneau; Naara Conlon, Student, Juneau; Kevin Allen, High School Student, Juneau; Nick Crowe, Juneau Youth Services, Juneau; Whitney Reeves, 4-H Leader, Juneau; Jordan Nigro, Chair, KTOO Board of Directors, Juneau; David Epstein, Self, Juneau; Amy Jo Meiners, 2016 Alaska Teacher of the Year, Juneau; Judy Cavanaugh, Self, Juneau; Jared Weems, PhD Fisheries Student, UAF, Juneau; Gail Dabaluz, UAFAA, Juneau; Kevin Belcourt, Self, Juneau; Brenda Taylor, Education, Juneau; Andi Story, Juneau School Board, Juneau; George Schaaf, KTOO, Juneau; Joan Cahill, National Council on Alcohol and Drug Dependence Juneau, Juneau; Stephanie Roughton, Parents as Teachers, Juneau; Catalina Iputi, Self, Juneau; Emily Thompson, Parents as Teachers, Juneau; Claire Geldhof, Self, Juneau; Rachel Disney, Self, Juneau; David Love, Self, Juneau; Aaron Brakel, Self, Juneau; Brian Holst, Senior Class President, Juneau Douglas High School, Juneau; Brian Holst, Director, Juneau Economic Development Council, Juneau; Amanda Goins, Self, Juneau; Bruce Rogers, Self, Juneau; Beth Weldon, Self, Juneau; Elise Tomlinson, Self, Juneau.

PRESENT VIA TELECONFERENCE

Chris Rose, Executive Director, Renewable Energy Alaska Project, Anchorage.

SUMMARY

HB 256 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 256 was HEARD and HELD in committee for further consideration.

HB 257 APPROP: MENTAL HEALTH BUDGET

HB 257 was HEARD and HELD in committee for further consideration.

INTRODUCTION AND ADOPTION OF THE COMMITTEE SUBSTITUTES
INCORPORATING THE SUBCOMMITTEES' RECOMMENDATIONS AND
SUBCOMMITTEE REPORTS

#hb256

#hb257

HOUSE BILL NO. 256

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, making reappropriations, making supplemental appropriations, and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 257

"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."

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Co-Chair Neuman indicated that the committee substitute for HB 256 and HB 257 would be taken up in the meeting. Each subcommittee chair would be presenting a brief report of their subcommittee recommendations. Following the committee reports his staff would come to the table to explain the changes made to the language section of HB 256.

Co-Chair Thompson MOVED to ADOPT the proposed committee substitute for HB 256 (FIN), Work Draft 29-GH2740\x (Wallace, 2/29/16).

There being NO OBJECTION, it was so ordered.

^INTRODUCTION AND ADOPTION OF THE COMMITTEE SUBSTITUTES
INCORPORATING THE SUBCOMMITTEES' RECOMMENDATIONS AND
SUBCOMMITTEE REPORTS

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Representative Gattis began with reporting the House Finance Subcommittee budget for the Department of Administration. She relayed that the unrestricted general fund (UGF) total for FY 17 was \$67,117.4 million. The total funds for FY 17 were \$323,603.3 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$10,076.2 million which was a 13.1 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$20,878.7 million, which was a 23.7 percent decrease.

Representative Gattis moved on to reporting the House Finance Subcommittee budget for the Department of Education and Early Development. She relayed that the unrestricted general fund (UGF) total for FY 17 was \$44,099.3 million. The total funds for FY 17 were \$379,552.1 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$10,068.0 million which was a 15.5 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$25,073.9 million, which was a 36.2 percent decrease.

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Representative Edgmon began with reporting the House Finance Subcommittee budget for the Department of Corrections. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$270,007.9 million. The total funds for FY 17 were \$318,555.5 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$7,278.6 million which was a 2.6 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$27,646.5 million, which was a 9.3 percent decrease.

Representative Edgmon moved on to reporting the House Finance Subcommittee budget for the Department of Public Safety. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$156,112.8 million. The total funds for FY 17 were \$187,909.0 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$4,560.9 million which

was a 2.8 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$15,297.8 million, which was an 8.9 percent decrease.

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Representative Munoz began with reporting the House Finance Subcommittee budget for the Department of Environmental Conservation. She relayed that the unrestricted general fund (UGF) total for FY 17 was \$16,802.9 million. The total funds for FY 17 were \$83,451.3 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$3,290.4 million which was a 16.4 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$5,669.2 million, which was a 25.2 percent decrease.

Representative Munoz moved on to reporting the House Finance Subcommittee budget for the Judiciary. She relayed that the unrestricted general fund (UGF) total for FY 17 was \$106,545.7 million. The total funds for FY 17 were approximately \$110,371.3 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$3,857.2 million which was a 3.5 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$5,320.6 million, which was a 4.8 percent decrease.

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Co-Chair Neuman began with reporting the House Finance Subcommittee budget for the Department of Corrections. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$56,022.8 million. The total funds for FY 17 were approximately \$203,643.6 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$9,072.6 million which was a 13.9 percent decrease. It also represented a decrease of 45 positions. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$23,387.8 million, which was a 29.4 percent decrease. Other highlights from the subcommittee report included a \$2 million reduction across the Division of Commercial Fisheries. There was also a UGF

reduction of \$2,300.0 million to replace the program receipts with test fisheries. The UGF for the Division of Sport Fish had a reduction of \$1,500.0 million replacing program receipts with Department of Fish and Game funds. He reported that in the Division of Wildlife Conservation UGF was reduced by \$358.2 thousand. It was also further reduced UGF by \$641.8 thousand and replaced with federal receipts. The UGF was reduced in the Division of Administrative Services by \$142.2 thousand. The UGF for the Board Support was reduced by \$253.0 and replaced with interagency receipts. The UGF for the committee advisories was reduced by \$67 thousand and replaced with interagency receipts. The UGF for the Division of Habitat was reduced by \$100 thousand and also within the Division of Subsistence. The Commissioner's Office was also reduced by \$600 thousand and replaced with interagency receipts. He reported that the Administrative support services was reduced by \$500 thousand and replaced with interagency receipts. The Division of Habitat was reduced \$200 thousand and deleted 2 PCNs. The Division of Subsistence reduced travel by \$300 thousand UGF. The Commercial Fisheries Entry Commission (CFEC) reduced personnel services, travel Services, and commodities by \$650.4 Thousand in designated general funds (DGF) and reduced staffing of 6 positions. There was also intent language directing the department to further reduce costs and to implement additional efficiencies.

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Co-Chair Neuman moved on to reporting the House Finance Subcommittee budget for the Legislature. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$64,306.4 million. The total funds for FY 17 were approximately \$65,179.9 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$9,091.6 million which was a 12.4 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$12,597.9 million, which was a 16.4 percent decrease. Some of the larger budget changes in the subcommittee recommendations included a reduction to the House office lounge by 25 percent from \$16 thousand to \$12 thousand for a savings of \$160 thousand. The subcommittee recommended denying all increments totaling \$378.5 thousand, reducing personal services funding due to the implementation of 5-day furloughs for all full-time employees resulting in a savings of \$700

thousand, and eliminating the funding for the agency performance review for a net reduction of \$937.2 thousand. The committee also recommended reducing \$1.8 million by making reductions of \$500 thousand in Legislative Audit, \$300 thousand in House Finance, \$400 thousand in committee expenses, \$400 in the house operating budget, and another \$200 thousand in session expenses. The subcommittee accepted Legislative Council's recommendation to delete \$4 million from the Anchorage Legislative Information Office.

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Co-Chair Neuman reported the House Finance Subcommittee budget for the Office of the Governor. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$22,856.1 million. The total funds for FY 17 were approximately \$23,905.8 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$293.9 thousand which was a 1.3 percent decrease. Over all there were very few changes to the governor's budget. The Office of the Governor spread FY 16 \$388.9 thousand unallocated reduction throughout the agency. The Division of Elections added a net of 1 part-time position and \$341.5 thousand to implement the Toyukak settlement. The division's budget also contained \$29 thousand of statutory designated program receipts in order to allow the division to accept a grant from the Pew Charitable Trust. In addition, the subcommittee recommended that the standard \$3.8 million 1-year election funding request be moved from the capital to language in the operating budget.

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Co-Chair Thompson began with reporting the House Finance Subcommittee budget for the Department of Transportation and Public Facilities. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$228,543.0 million. The total funds for FY 17 were \$590,924.0 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$15,471.0 million. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$50,558.0 million.

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Co-Chair Thompson moved on to reporting the House Finance Subcommittee budget for the Department of Revenue. He relayed that the subcommittee accepted all of the governor's amended budgets except for the following: Denied the increase to salaries in investment officer in the Division of Treasury and in the Alaska Permanent Fund Corporation, reduced legal and consulting services for the Alaska Liquefied Natural Gas Project. The unrestricted general fund (UGF) total for FY 17 for the department was \$28,413.8 million. The total funds for FY 17 were \$400 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$569.2 thousand which was a 2.0 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$5,417.6 million, which was a 16 percent decrease.

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Co-Chair Thompson moved to reporting the House Finance Subcommittee budget for the Department of Military and Veterans Affairs. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$16,409.0 million. The total funds for FY 17 were \$57,465.0 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$817.1 thousand which was a 4.7 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$8,407.9 million, which was a 34 percent decrease. The subcommittee accepted the governor's amended budget except for the authorization of the rural engagement initiative scout battalion. The subcommittee also transferred the National Guard Naval Militia retirement system to statewide. Two positions were deleted from the department and included intent language that requested that the State of Alaska assets within the Aerospace Corporation were retained as the corporation moved towards ownership and organizational restructuring.

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Vice-Chair Saddler reported the House Finance Subcommittee budget for the Department of Health and Social Services. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$1,075,742.8 billion. The total funds for FY 17 were \$2,696,992.3 billion. The UGF difference from the FY

16 Management Plan to the House subcommittee budget recommendation was a reduction of \$89,506.9 million which was a 7.7 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$175,636.4 million, which was a 14 percent decrease. The specific budget actions and adjustments to the governor's FY 17 amended budget were laid out in detail in the full subcommittee report.

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Vice-Chair Saddler moved to reporting the House Finance Subcommittee budget for the Department of Law. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$49,876.8 million. The total funds for FY 17 were \$102,533.2 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$3,168.8 million which was a 6 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$9,398.5 million, which was a 15.9 percent decrease. He suggested looking at the subcommittee report for specific detail actions.

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Representative Pruitt began with reporting the House Finance Subcommittee budget for the Department of Natural Resources. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$88,143.9 million. The total funds for FY 17 were \$173,212.2 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation, not including the gasline related funding, was a reduction of \$8,828.5 million which was a 12.6 percent decrease. If the gasline expenses were included it would reflect an increase of \$17,853.3, an additional 25.4 percent. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation, without the gasline related funding, was a reduction of \$16,206.5 million, which was a 20.9 percent decrease. If the gasline funding was included the figure would be \$1,488.6 million, an increase of 1.7 percent. The highlights included the North Slope gas commercialization with an increased funding of \$26,681.8 million which was composed of two separate increments: One just under \$9.0 million and one just under \$17.7 million (\$9 million less than what the governor had requested). The subcommittee

also recommended that the House Finance Committee remove the full appropriation and manage all gasline related funds as its own appropriation separate from the regular budgetary process. The subcommittee accepted the governor's request to move some of the mining, land, and water receipts from UGF to DGF and increased the number as well.

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Representative Pruitt moved to reporting the House Finance Subcommittee budget for the Department of Commerce, Community and Economic Development. He relayed that the unrestricted general fund (UGF) total for FY 17 was \$17,306.0 million. The total funds for FY 17 were \$137,812.5 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$8,426.3 million which was a 32.7 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$13,504.9 million, which was a 43.8 percent decrease. Other highlights included accepting the governor's decrement for tourism and marketing and increasing it by 30 percent. Intent language specified the removal of UGF dollars in the future. The governor's decrement for Alaska Seafood Marketing Institute (ASMI) and increased it by 30 percent with similar intent language. Four positions were deleted in the Division of Economic Development totaling \$467.4 thousand and eliminated the Ardor funding, as the program would be repealed on July 1st totaling \$774 thousand.

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Representative Wilson began with reporting the House Finance Subcommittee budget for the University. She relayed that the unrestricted general fund (UGF) total for FY 17 was \$300,000.0 million. The total funds for FY 17 were \$874,912.0 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$50,787.0 million which was a 14.5 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$70,599.7 million, which was a 19.1 percent decrease. She reported that intent language was inserted by the subcommittee encouraging the University to slim down prior to increasing tuition. Also, the University was directed to come back to the legislature

with a plan showing how it would become one university rather than three due at the end of the current year. She pointed out that although there were amounts listed on pages 39 and 40 divided amongst the campuses it was one grant that could be allocated in any fashion by the regents.

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Representative Wilson began with reporting the House Finance Subcommittee budget for the Department of Labor and Workforce Development. She relayed that the unrestricted general fund (UGF) total for FY 17 was \$22,643.2 million. The total funds for FY 17 were \$164,266.6 million. The UGF difference from the FY 16 Management Plan to the House subcommittee budget recommendation was a reduction of \$3,188.3 million which was a 12.3 percent decrease. The UGF difference from the FY 15 Management Plan to the House subcommittee budget recommendation was a reduction of \$10,773.4 million, which was a 32.2 percent decrease. She highlighted the \$300 thousand savings due to combining certain areas. There was also intent language included decreasing the budget by \$600 thousand. The department had begun reducing its footprint by \$100 thousand. The subcommittee recommended an additional reduction of \$300 thousand. She relayed that some of the departments were initiating some of the reductions on their own which she was encouraged by.

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Co-Chair Neuman thanked the members for their efforts.

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Representative Kawasaki asked about the location of the oil and gas items in the agency totals if they were removed from DNR'S budget. He wondered if there was a separate appropriation.

Representative Pruitt repeated the total amount of funding, \$26,681.8 million, and reported that the amount was not necessarily designated in another specific location.

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Co-Chair Neuman invited his staff to review the changes that were adopted in the committee substitute. Ms. Brown would review the various changes and Mr. Ecklund would recap some of the changes and discuss the UGF reports.

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JOAN BROWN, STAFF, REPRESENTATIVE MARK NEUMAN, explained the number changes in the committee substitute:

Mr. Co-Chair, there were a few changes made to section 1 of the bill that modified the subcommittees' recommendations.

In the Department of Administration, we changed the following: We removed the conditional language allowing the commissioner to transfer up to \$1 million across appropriations; We added \$303.9 of General Fund Program Receipts to the Purchasing allocation in General Services which will allow the department to implement a new vendor fee to offset a portion of the \$659,900 unrestricted general fund reduction to support ongoing work. This funding is seed money to implement the Shared Services initiative. We restored \$2.8 million of Inter-Agency Receipts for Central Mail. Without this restoration, costs to agencies would increase by over \$600,000.

Mr. Co-Chair, in the Department of Education and Early Development we also removed the conditional language allowing the commissioner to transfer up to \$1 million across appropriations.

Mr. Co-Chair, we removed all of the appropriations for the AKLNG project from the Departments of Law (Note: \$700.0 UGF), Natural Resources, and Revenue, along with the operating funding for the Alaska Gasline Development Corporation. The three departments' Unrestricted General Fund reduction totals nearly \$28.6 million and AGDC's funding was \$12.9 million Other Funds. These agencies are reviewing their AKLNG spend and will be submitting scrubbed budgets that will pay for the state's share of costs to finish Pre-FEED. We will consider those scrubbed budgets during the amendment process next week.

Mr. Co-Chair, the other change in the numbers section was a fund source switch in the University of \$24.7 million from Unrestricted General Funds to Designated General Funds from the PCE Endowment Fund. The \$24.7 million is the projected amount available for distribution above the amount needed for the PCE program.

Mr. Co-Chair, those were the only changes made in the numbers section.

Mr. Co-Chair, now I'll identify the changes made in the language sections.

Page 56, line 1, Section 4, Legislative Intent, we restored a legislative intent provision by adding subsection (b) that requires agencies to contact the University for research and analytical contractual services.

Page 56, line 14, Section 6, we added back intent that has been in the budget many years that requires the executive branch to report on transfers of funds in and out of the personal services line item.

Page 57, line 12, Section 8, Alaska Housing Finance Corporation, in subsection (c), we made the annual fund change from the statutory budget reserve fund to the Alaska capital income fund for any excess dividend funds.

Page 58, line 25, Section 10, Alaska Industrial Development and Export Authority, in subsection (b), we made the annual fund change from the statutory budget reserve fund to the Alaska capital income fund for any excess dividend funds.

Page 59, line 12, Section 11, Department of Administration, we added a new subsection (e), that incorporated the Governor's amendment for \$932,100 in costs that will be incurred by the Division of Finance for the single audit for the Department of Health and Social Services.

Page 63, lines 11 and 12, Section 16, Department of Natural Resources, in subsection (e) we added the

phrase "not to exceed \$1,125,000" for firefighting crews.

Page 63, lines 25 - 31 and page 64, lines 1 - 4, Section 19, Office of the Governor, this is a new section that adds funds for the on-year election costs that the Governor had submitted as a \$3.8 million capital project. One of the issues with funding elections has been the dramatic funding changes in the Governor's budget every year. In an election year, the budget increases by nearly \$4 million and then the next year the Governor's budget decreases by \$4 million. To eliminate those funding swings, this language splits the requested funding in half and appropriates each half for two years. Subsection (a) appropriates \$1.8 million for FY 16 and FY 17 as the Division of Elections has found that they are having to start election activities earlier. Mr. Co-Chair, subsection (b) appropriates \$120,000 from the election fund just for FY 17. And subsection (c) appropriates \$1.8 million for FY 17 through FY 18.

Page 70, Section 23, Fund Capitalization, on line 28, we added a new subsection (d) to deposit \$7.5 million from the general fund to the group health and life benefits fund to ensure sufficient reserves in the fund.

On page 71, lines 11 - 18, we relocated the FY 17 public education fund capitalization provision from section 24, Fund Transfers, to this Fund Capitalization section and it is now subsections (h) and (i). Based on the new subsection (j), we reduced the FY 17 unrestricted general fund in subsection (h) by \$145 million

On line 19, we appropriated \$435 million from the general fund to the public education fund in new subsection (j) effective in FY 16.

What had been subsection (p), the deposit of \$35.4 million to the community revenue sharing fund has been deleted.

Page 73, Section 24, Fund Transfers, on line 22, we added a new subsection (c) that deposits \$80 million

from the general fund to the Alaska higher education investment fund.

On page 74, line 14, subsection (g) for the vaccine assessment was relocated from what had been subsection (k). We also accepted the Governor's amendment deleting what had been subsection (l), the \$5 million deposit into the renewable energy grant fund.

Page 75, Section 25, Retirement System Funding, on line 11, in subsection (a) pertaining to the public employees' retirement system, we reduced the amount of the deposit by nearly \$24 million from \$99.2 million to \$75.2 million as we are still waiting to receive the new actuarial valuation.

Starting on line 15, in subsection (b) relating to the teachers' retirement system, we changed the fund source from 100 percent from the general fund to \$40 million from the general fund and \$76.7 million from the Alaska higher education investment fund.

Subcommittees had removed three retirement related appropriations from section 1, the numbers section, and we have now added them to this language section to consolidate all retirement-related appropriations.

On line 22, new subsection (c) pertains to the normal costs for the Alaska National Guard and Alaska Naval Militia retirement system.

On line 27, we made technical wording changes to what is now subsection (d).

On page 76, new subsections (e), starting on line 1, and (f) starting on line 5, relate to the Elected Public Officers Retirement Plan and the Unlicensed Vessel Personnel Annuity Retirement Plan, respectively.

We deleted what had been section 27, Constitutional Budget Reserve Fund, as the legislature will craft a solution to fill the FY 17 budget deficit later this legislative session.

Page 78, starting on line 18, Section 29, Statutory Budget Reserve Fund, we added this new section to help

fill the FY16 deficit per a Governor's amendment. When the Statutory Budget Reserve Fund was used to resolve the FY 15 deficit, we believed the fund had been liquidated, so this language was not included in the FY 16 budget bills.

Finally, Mr. Co-Chair, conforming changes were made to the lapse, retroactivity and effective date sections.

Co-Chair Neuman indicated that Mr. Ecklund would highlight the UGF reports and other legislative changes that would help keep the budget in the \$4.1 billion range.

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PETE ECKLUND, STAFF, REPRESENTATIVE MARK NEUMAN, explained that there had been a reordering of sections per the direction of Legislative Finance Division. He said that there were changes to the numbers section and highlighted that the AKL&G funding for pre-feed had been removed with the expectation that better estimates were coming from the departments involved. He stated that the concentration of efforts had been on UGF because the difference between UGF yearly revenue, and UGF yearly expenditures, was equal to the fiscal gap faced by the state. He turned to the backup documents labeled A through D. He spoke to report A, "Numbers and Language UGF Totals for All Agencies", and pointed out the middle column, House Sub, which detailed agency-by-agency the UGF expenditures. He referred to the total of \$3,821,995.3, which was \$678.2 million less in UGF from FY15. He relayed that the comparison to FY15 reflected the work done by the committee during the 29th Legislature. He said that when statewide items were added in the same column they totaled \$4,093,520.1. He turned to report B, which contained UGF non-formula numbers and language. He said that these numbers reflected the day-to-day running of state government. He pointed out to the committee the column for the House Subcommittees, and noted that there had been a reduction of \$447.6 million in day-to-day state government since FY15. He spoke to the same column on report C, which listed UGF for formula programs totaling \$1.986 million, a 10.4 percent reduction from FY15. He turned to the final report, D, which contained all funds that were spent in state government, statewide, for all agencies.

Mr. Ecklund stated that this was the beginning of the process for the Operating Budget and that there were three significant pieces of legislation that would have an impact on the budget: Medicaid Reform, Criminal Justice Reform, and Tax Credit Reform. He attested that there were many other things outside of this appropriation bill that the committee, and the legislature as a whole, could do to effect the budget.

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Co-Chair Thompson MOVED to ADOPT the proposed committee substitute for HB 257, Work Draft 29-GH2742\H (Wallace, 2/27/16).

There being NO OBJECTION, it was so ordered.

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Ms. Brown noted three changes to the Mental Health Budget:

In section 1, we deleted the same conditional language that gave the commissioners of Administration and Education the ability to transfer up to \$1 million across appropriations.

The only other change we made is on Page 12, Section 4, in capital projects. Five mental health capital projects were submitted in the FY 17 budget. Each year the House Finance Committee removes one capital project. This year we've deleted the Department of Transportation and Public Facilities project for Mental Health Coordinated Transportation and Vehicles for \$1.1 million.

The other body, in its version of the Mental Health bill, will add back that project and delete the four capital projects in the House's bill, in order to make all of the mental health capital projects subject to Conference Committee.

Representative Gara referred asked whether the house subcommittee column on budget backup sheets A through D reflected FY17 numbers.

Mr. Ecklund replied in the affirmative.

Representative Gara referred to Page 75, lines 19 and 20 of HB 25:

- (1) the sum of \$40,000,000 from the general fund;
- (2) the sum of \$76,699,959 from the Alaska higher education investment fund (AS 37.14.750);

Representative Gara queried the remainder of the higher education fund once the appropriation was deposited.

Mr. Ecklund responded that the remainder would be approximately \$400 million.

Representative Gara asked whether the legislature had consulted with student loan managers to ensure that the money left over would be sufficient to pay for statutory requirements.

Mr. Ecklund believed that there would be sufficient funds.

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Representative Kawasaki understood that community revenue sharing had been deleted completely from the appropriation bill.

Mr. Ecklund explained that the governor had requested a \$35 million dollar supplemental in order to bring the revenue sharing program up to a \$50 million payout. He said that the CS denied the increment request, resulting in a payout level of \$38 million in FY17 for community revenue sharing, \$25 million in FY18, with funding for the program ending in FY19.

[2:19:47 PM](#)

Representative Kawasaki asked whether the money that had been removed for the AKL&G project had been requested in the FY17 budget.

Mr. Ecklund responded in the affirmative.

[2:20:05 PM](#)

Representative Munoz voiced concerns that the intent language from the Department of Environmental Conservation finance subcommittee had not been included in the cs.

Mr. Ecklund retorted that the subcommittee may have included recommendations in their narratives, but that no intent language adopted by the subcommittee had been removed from the cs.

Representative Munoz asserted that the intent language adopted by the subcommittee had not been drafted into the bill. She believed that the bill should reflect the work of the subcommittee.

Mr. Ecklund said that he would work with Legislative Finance to amend any possible "glitches".

[2:21:09 PM](#)

Representative Pruitt asked how much was being withdrawn from the higher education fund for FY17.

Mr. Ecklund explained that were roughly \$15 million for scholarships and grants, as well as other appropriations within the Department of Education and Early Childhood Development (DEED) of approximately \$5 million.

Representative Pruitt surmised that the total withdrawal was approximately \$90 million.

Mr. Ecklund replied that \$90 million was a close approximation.

Representative Pruitt asked how much of the fund would be available in 2017 for scholarships.

Mr. Ecklund responded that there would be roughly \$15 million to \$20 million available.

Representative Pruitt understood that next year there would be approximately \$75 million that would either be added to the general fund, or would need to come from a different source if budget levels remained the same. He surmised that the appropriation was a one-time event.

Mr. Ecklund explained that appropriating from the higher education fund would be sustainable for the next four years.

Representative Pruitt asked whether it would be sustainable at the \$90 million level for the next four years.

Mr. Ecklund explained that there was approximately \$400 million in the fund, which would be sustainable for 4 years at \$90 million per year.

Co-Chair Neuman interjected that the higher education fund could be a source of funding for anything that the legislature decided to use it for and even to the point of depletion.

Representative Pruitt understood that the bill reflected the intent that in 4 years the higher education fund would not be available for the scholarships for which it had been initially intended.

Co-Chair Neuman stated that, at this point in the state's financial troubles, the higher education fund would disappear unless other funds became available to replenish it.

[2:24:42 PM](#)

Representative Wilson asked about the difference between the intent of the higher education fund and the intent of the Power Cost Equalization fund (PCE).

Mr. Ecklund explained that the higher education funds had been used for more in the budget than just the scholarship and grant programs, within DEED, that were related to higher education. He furthered that using that funding for the teacher retirement system was legitimate because it was connected to cost associated with the classroom. He said that PCE funds were used in the University budget realizing that the university had large energy and costs spread across multiple campuses.

Representative Wilson wondered whether it would make sense to use the state's other funds to help fund the general fund over the next 4 years.

Mr. Ecklund replied that the amount that had been appropriated to the University had been excess earnings on the PCE fund and had not been taken from the principal of the PCE endowment. He said that the current intent was not to spend own the principal of the PCE fund in this budget cycle.

[2:27:46 PM](#)

Co-Chair Neuman indicated that deeper discussion would take place on the issue as the budget process moved forward.

Vice-Chair Saddler noted that intent language for the Division of Juvenile Justice had been left out of the cs.

Co-Chair Neuman requested that members note any areas where subcommittee intent language may have been omitted.

[2:28:56 PM](#)

Representative Guttenberg asked how extra PCE funds had been appropriated in the past.

Ms. Brown replied that the formula allowed for up to 7 percent of the fund to be distributed annually for the PCE program. She stated that currently only 4 was needed for the program; the difference between the 4 and 7 percent was what would be appropriated to the University.

Representative Guttenberg queried how the level needed to fulfill the obligation to the PCE fund was determined.

Ms. Brown replied that AEA used an extensive formula to determine the number and then submitted a budget for the program, which the legislature had always funded at 100 percent.

Representative Gara understood that in FY16, earnings from the higher education funds had been used, but that FY17 would be the first year that principal would be used for the Operating Budget.

Mr. Ecklund replied that he did not know.

[2:31:11 PM](#)

Representative Gara said that the backup document reflected a cut in statewide totals. He stated that statewide total expenditures had gone from \$5 billion in the 2016 management plan to \$4 billion in the FY16 subcommittee report. He asked for clarification in the difference in numbers.

Mr. Ecklund replied that it was a combination of the hundreds of millions in reductions to agency budgets, both formula and non-formula. Additionally, tax credits were

reflected differently. He said that in the statewide category were debt service, retirement costs, and tax credits, which had all been reduced.

Co-Chair Neuman asked about the estimated reduction to the TRS payment.

Mr. Ecklund replied that actuarial numbers were still forthcoming.

Representative Gara asked whether the \$123 million under "state retirement payments" on document A, included the \$70 million from the higher education fund.

Mr. Ecklund replied that there was approximately \$75 million in UGF PERS, \$40 million in UGF TRS, \$6 million in the judicial retirement system, and other smaller retirement systems, which totaled the \$123.4 million.

Representative Gara understood that the \$70 million from the higher education fund would be added and was not UGF.

Ms. Brown replied in the affirmative.

Mr. Ecklund replied in the affirmative.

[2:34:52 PM](#)

Representative Gara understood that the governor's proposed tax credits had yet to be adopted and wondered why oil company tax credit reduction were already being considered during the budgeting process.

Mr. Ecklund answered that there was no change in the tax credits from the governor's proposed budget to the cs. He added that there was existing legislation that would address the bulk of the remaining tax credit liability, and future tax credits that had yet to be earned. He said that the tax credit conversation would happen around other pieces of legislation.

Representative Gara recalled that earlier in the session the committee had agreed not to put numbers in the budget based on not had bills passed.

Mr. Ecklund clarified that the number that the governor proposed in the initial budget had been statutorily

authorized. Mr. Ecklund stated that the governor had had not put in a ceiling, but a floor.

Representative Munoz asked for the balance of the higher education fund after the funds were allocated for the retirement payment.

Mr. Ecklund offered to provide the numbers at a later date.

Representative Munoz asked whether the state would be able to meet its obligation to students.

Mr. Ecklund replied that there was plenty of money in the fund to support students.

Representative Munoz asked whether the fund would continue to be self-sustaining.

Mr. Ecklund answered that there was over \$400 million in the higher education fund. Depending on the actions of future legislatures the program would either continue to work, or not.

Representative Munoz stated that the PCE funds brought the state's investment in the University up to \$324.7 million.

[2:38:21 PM](#)

Mr. Ecklund answered in the negative. He clarified that the subcommittee had recommended \$300 million in UGF and the bill had swapped out \$24.7 million of UGF for DGF from the PCE fund.

Co-Chair Neuman noted that the UGF had been reduced.

Representative Munoz understood that \$24.7 million from the PCE fund would go to the University.

Mr. Ecklund answered that there had been an increase of \$24.7 million through the PCE fund for the University, which had resulted in a UGF decrease of \$24.7 million.

Representative Munoz asked for verification that the amount coming from the subcommittee was \$300 million, less the \$24.7 million in UGF.

Mr. Ecklund replied in the affirmative, but the PCE funds would bring the total back up to \$300 million.

Representative Pruitt asked where the \$145 million was coming from related to UGF in fund capitalization.

Mr. Ecklund answered that the funds would come from the public education fund.

Representative Pruitt asked how much would be left in the public education fund after the shift of funds to the UGF.

Mr. Ecklund shared that there was \$435 million in the public education fund and that use of the fund could occur, if nothing else changed, for at least the next three years.

Representative Pruitt understood that the fund would be eliminated, if used over the next 4 years, to pay for tax credits.

Mr. Ecklund clarified that \$145 million would be expended from the public education fund in FY17, and that the same withdrawal could be taken out over the next 3 years - including FY17.

Co-Chair Neuman stated that there was a Public Education Fund and a Higher Education Fund.

Representative Pruitt said that he understood the difference.

[2:43:15 PM](#)

Representative Gara understood that \$145 million was being taken from the public education fund. He said that the bill also proposed the use of \$70 million from the higher education fund. He wondered why there was not a total of \$215 million listed in the backup.

Mr. Ecklund relayed that the numbers pertaining of the higher education fund could be found in the numbers related to the state retirement payments section of the document.

Representative Gara asked whether taking \$145 million from the public education fund impacted the money available to pay the K-12, current, base student allocation (BSA).

Mr. Ecklund answered that the foundation formula would be paid at 100 percent, including the statutory increase.

Representative Gara understood that \$70 million from the higher education fund would be used for the state retirement system. He wondered where the additional \$30 million for retirement would come from.

Mr. Ecklund answered that the PERS payment was \$24 million lower awaiting the new actuarial numbers, and that \$76.7 million would come from the higher education fund.

Co-Chair Neuman stated the committee would examine the budget in deeper detail at another time.

Representative Gara noted that some of the numbers on the detail sheets did not correlate with the numbers in the bill.

Co-Chair Neuman replied that he did not have all of the details in front of him. He would follow up on the issue.

Co-Chair Neuman discussed housekeeping. He reminded committee members that the deadline for amendments was Thursday, March 3rd at 5PM.

RECESSED
[2:46:47 PM](#)

RECONVENED
[4:02:22 PM](#)

Co-Chair Neuman addressed the agenda.

^PUBLIC TESTIMONY: JUNEAU

[4:04:46 PM](#)

DIXIE HOOD, SELF, JUNEAU, spoke on behalf of low income seniors. She spoke in support of educational programs from pre-K to college level. She testified against cuts to education and the University. She shared that she is currently 82 years old, could not afford to retire and could not live on social security alone. She maintained a profession as a marriage and family therapist. She stated that revenue increases were the solution, not more cuts. She supported an income tax, increased taxes on alcohol and

tobacco, and an increase to the Alaska Marine Highway System (AMHS) budget.

4:08:56 PM

MARY HAKALA, SELF, JUNEAU, urged the committee to safeguard public education to the maximum extent possible. She asked the committee to reinstate an income tax. She relayed that her family's income had been commercial fishing; her family had sought out new revenue when needed. One of the important components of supporting her family was education. She stressed that they had never sacrificed education and opportunities for their children. She spoke to the importance of children and the future. She stressed that investing in early childhood paid dividends.

4:11:09 PM

GORDON KRUSE, DIRECTOR, FISHERIES DIVISION, UNIVERSITY OF ALASKA FAIRBANKS, JUNEAU, testified in support of funding for the University. He thanked the committee for its past support. He spoke against cuts of \$50 million; such deep cuts would do long-term damage to the University. He provided several points to back up his testimony. He stated that every \$1 million in state funding for research brought in \$4 million in external research grants. He relayed that his program researched declines of western Alaskan salmon. The program had a huge impact on Alaskan fisheries; it provided training to Alaska's fisheries workforce. He stressed the importance of diversifying the state's revenue including a sustainable plan to use Permanent Fund earnings, a modest income tax that included large non-resident workforce, tax on mining, and a revision to oil tax credits.

4:13:23 PM

MARK MILLER, SUPERINTENDENT, JUNEAU SCHOOL DISTRICT, JUNEAU, spoke against clearcutting education budgets. He shared that throughout his career he had cut millions of dollars from districts. He had learned that no matter how hard it got, cuts should be made with a scalpel and not a chainsaw. He stressed that clearcutting resulted in unintended consequences and collateral damage. He relayed that the Department of Education and Early Development (DEED) provided services that were critical to the school district, including certifications of teachers and

administrators in a timely manner. He spoke to other benefits provided by the department.

[4:15:34 PM](#)

BRUCE VAN DUSEN, EXECUTIVE DIRECTOR, POLARIS HOUSE, JUNEAU, spoke in support of behavioral health treatment and recovery grants, which were vital to combatting substance abuse and addiction. He relayed that the grants reduced emergency room use through prevention and intervention. The grants were also important in reducing recidivism in the criminal justice system. Polaris House used the funds to secure safe and affordable housing, access education programs, and receive services available in the community. All of the funds were returned to the community to support the local economies.

[4:17:13 PM](#)

CRYSTAL BOURLAND, EXECUTIVE DIRECTOR, NATIONAL ALLIANCE ON MENTAL ILLNESS (NAMI), JUNEAU, spoke in support of funds for behavioral health treatment and services. She had seen what happens when patients did not receive medical and other services for mental illness. She stated that patients could end up in mental health hospitals, emergency rooms, and other expensive locations. She stressed that the cuts would negatively impact Alaskans.

[4:18:51 PM](#)

JOAN O'KEEFE, EXECUTIVE DIRECTOR, SAIL, JUNEAU, spoke in support of funds for Southeast Alaska Independent Living (SAIL). She explained that SAIL was a center for independent living and an aging and disability resource center. The agency had served over 4,000 Alaskans the previous year. She shared that in FY 17 the budget would move from the Department of Labor and Workforce Development (DLWD) to the Department of Health and Social Services. The senior grants were slated for a 5 percent reduction. There had been an 11 percent reduction for centers for independent living while under DLWD. She maintained that the cuts were short-sighted and would ultimately cost the state more and more. The expenditures saved the state money by transitioning Alaskans back to their home communities. She stated that the savings were \$1 million to the state. The funds would prevent them from having to move into more expensive care. She urged the committee to restore funding

for community and developmental disability grants and other. She asked for money for the general relief assistance.

[4:21:20 PM](#)

MAXINE DOOGAN, COMMUNITY UNITED FOR SAFETY AND PROTECTION, JUNEAU, was opposed to cuts to behavioral health and recovery grants. She spoke in support of the protection of safety of all people. The organization supported current and former sex workers, sex trafficking victims and allies. She was opposed to balancing the budget on the backs of the most vulnerable people in Alaska. She did not want to pit one vulnerable group against another. She opposed all of the cuts to Alaska's most vulnerable citizens.

[4:22:42 PM](#)

MICHELE MORGAN, JUNEAU STOP HEROIN START TALKING, JUNEAU, spoke against cuts to substance abuse treatment programs. She discussed statistics about babies born addicted to heroin. She stressed that the number of addicted babies born per year was increasing significantly. The average cost had been \$88,000 for addicted babies. The costs did not stop at birth. She stressed that crime in Alaska had increased and the heroin problem was huge. She stated that making cuts to substance abuse would create a perfect storm. She stressed that the drug problem would crush the state financially.

[4:25:01 PM](#)

WILLIAM MUSSER, SELF, JUNEAU, spoke from the perspective as a recovering heroin addict. He was opposed to any cuts to behavioral health grants and services. He stressed that he had used substance abuse treatment services to get clean and sober. He had needed appointments with behavioral health specialists. He wanted to use any resource available to become a great member of society. He shared personal information about his work with people with mental disabilities for the past eight years.

[4:26:41 PM](#)

TERRA BURNS, COMMUNITY UNITED FOR SAFETY AND PROTECTION, JUNEAU, spoke in opposition to cuts to behavioral health and substance abuse treatment programs. She stressed that

it was essential that people have access to necessary services without going to jail. She stated that it cost Alaska money when people had to go to jail to access necessary services. She pointed to lengthy waiting lists for programs. She urged the committee to oppose the cuts to behavioral health.

[4:27:52 PM](#)

KARA NELSON, DIRECTOR, HAVEN HOUSE, JUNEAU, spoke against cuts to behavioral health grants. She spoke from the perspective of a recovering addict. She shared that Haven House was a faith-based transitional home for women coming out of prison. She stated that over 120 people per day died from accidental overdose in America. She stated that there were many people willing to do the work and they needed as much support as possible. She urged the committee to maintain behavioral health grants.

[4:29:15 PM](#)

ROSALIE NADEAU, AKEELA, JUNEAU, spoke in support of the AKEELA House, which served heroin addicts. She spoke in support of residential substance abuse programs. She stressed that treatment programs did not qualify for Medicaid. She relayed that in 1992 the AKEELA House had received a grant of \$681,000; in the current year it received \$695,000, which did not keep up with inflation. She noted that there had been a cut of almost \$9 million cut. She believed many of the programs would be closing that served the most severely addicted people. She stressed that it would not offset in the key programs.

[4:31:28 PM](#)

DAVID LENDRUM, PROFESSIONAL HORTICULTURALIST, JUNEAU, spoke against cuts to the Cooperative Extension Service. There was significant misinformation and the only science-based group that could support the community was the extension service. He stated that there were generations of people in Alaska who had never had the information and who had no idea about agriculture or horticulture. He stressed that people did not understand how to preserve food safely. He stated that if the extension service was not available it would cause a world of hurt. He stressed the importance of the program.

4:33:08 PM

WALTER MAJOROS, EXECUTIVE DIRECTOR, JUNEAU YOUTH SERVICES, JUNEAU, spoke in support of mental health and substance abuse services. He shared that most of the youth receiving services at JYS had experienced some form of childhood trauma including sexual abuse, physical abuse, violence, and neglect. He discussed that Alaska had made a lot of gains in bringing kids back to Alaska to receive services. The program helped prevent hospitalization and incarceration. He testified in support of Medicaid, which primarily funded behavioral health services. The program had not received an increase in close to a decade. He understood the challenge facing the legislature. He stressed the importance of behavioral health grants.

4:35:13 PM

JAYNE ANDREEN, PRESIDENT, ALASKA PUBLIC HEALTH ASSOCIATION, JUNEAU, spoke against a \$3 million cut to public health and public health nursing. She stressed the importance of a public health system. She elaborated that the most of the state was dependent on a patchwork of public health that was put together by nonprofit organizations, public health nursing, and tribal health corporations. She stressed that the cuts would eliminate 30 nursing positions throughout the state. Alaska had a very good lab system that could diagnose individuals; however, the cuts would mean that lab work would have to be sent out of state. She asked the legislature to look at revenue generation.

4:37:30 PM

LORRAINE DEASIS, PARENT, JUNEAU, spoke against cuts to Mt. Edgecumbe and the TCLL elementary program in Juneau. She stated that the programs were well known and successful Native education programs. They were year-round full education systems within the school systems. She stressed that people had been asking to expand the TCLL program to the middle schools for years. However, the program had to constantly fight for its existence. She believed \$6 million that went to the University for funding for Science, Technology, Engineering, and Math would have gone a long way to address the financial crisis. She spoke in support of education funding. The programs had not been notified that the funds were available. She questioned how the situation could occur. She did not understand why the

University did not recognize credits from Mt. Edgecumbe. She stressed that the University should be held to the same standards.

[4:39:53 PM](#)

PAMELA WATTS, EXECUTIVE DIRECTOR, JUNEAU ALLIANCE FOR MENTAL HEALTH, JUNEAU, spoke to the need for access to resources for mentally ill Alaskans. She stressed her opposition to cuts to behavioral health services. She stated that access to needed resources for seriously mentally ill adults may be disproportionately reduced with any cuts to grants for the community behavioral health centers. She stated that Medicaid did not come close to covering the cost of care for the services. She stated that community behavioral health centers may not be sustainable without the grants. She spoke to the ability to maintain care for individuals.

[4:42:09 PM](#)

MARIANNE MILLS, PRESIDENT, AGENET, JUNEAU, spoke in support of using Permanent Fund earnings as a new fiscal option. She stressed the importance of keeping older Alaskans in their homes for as long as possible through the senior grant program. She stated that it only cost \$600 per senior per year to fund the senior grants. A hot meal at the senior center combatted malnutrition and isolation. She spoke the importance of good nutrition and interaction with other people. A nursing home placement cost \$250,000 per person per year. Caring for an older person could be very demanding physically and emotionally. She discussed minor home modifications that could relieve stress. She spoke in support of adult day services.

[4:44:24 PM](#)

DEACON CHARLES ROHRBACHER, SELF, JUNEAU, spoke from the perspective as a pro-life Roman Catholic deacon. He opposed cuts to senior services and behavioral health programs. He cited the New Testament where God showed particular concern for widows, orphans, and the poorest and most vulnerable. He believed the ethical and moral measure of any society was demonstrated by the care and compassion it had for the poor and most vulnerable. He discussed children who had experiences of abuse and neglect. He asked what the state

wanted to spend its money on such as prisons and other. He urged the committee to fully fund behavioral health.

[4:46:53 PM](#)

AMY LUJAN, EXECUTIVE DIRECTOR, ALASKA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS, JUNEAU, spoke in support of the broadband assistance grant. She stated that the program had benefitted 28 rural districts the previous year. She spoke against a cut of over \$1 million to the program. She stressed the essential nature of the program. She spoke against cuts to DEED, which were too deep. She discussed relying on the department to help it with leveraging federal funds for the former No Child Left Behind program, e-rates, and other. She stressed that it was unrealistic to eliminate travel and postage for DEED. She mentioned the pre-K programs. She stressed that eliminating the program would put the state out of sync with research-based studies resulting in universal pre-K in many other states. She supported a balanced approach.

[4:49:44 PM](#)

STAN LUJAN, BOARD MEMBER, ALASKA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS, JUNEAU, spoke in support of the Imagination Library. He urged the reinstatement of funding for Best Beginnings, Parents as Teachers, and other. He discussed prison planning in Alaska. He discussed the cost of the state's prison system, and pre-K programs. There was an undeniable connection between literacy skills and prison rates. He stated that high school dropouts were more likely to end up in prison. He stressed the importance of reading skills.

[4:52:00 PM](#)

RICHARD COLE, COASTALASKA AND KTOO, JUNEAU, spoke against cuts to public broadcasting. He spoke to the benefits that public radio provided to the state, specifically to rural Alaska. He stated that public radio provided information for public safety and helped support all of the programs others had spoken in support of. He stated that the impact of the cuts for rural communities would likely shut down their radio stations. He spoke to the importance of the public safety aspect that radio provided.

[4:54:27 PM](#)

ABBE HENSLEY, EXECUTIVE DIRECTOR, BEST BEGINNINGS, JUNEAU, spoke in support of funding for Best Beginnings, Parents as Teachers, and pre-K grants. She advocated for recommendations made by a childhood advocacy group. She understood the need to prioritize funding decisions. She urged the legislature to seek revenue sources as it made cuts. She stated that 71 percent of Alaskans supported programs for early education even in difficult financial times. She discussed that the brain underwent enormous development in the first three years of life. She stressed the efficiency of early intervention. She understood the legislature had difficult decisions to make. She thanked the committee for its time.

[4:57:02 PM](#)

CORINNE CONLON, SELF, JUNEAU, urged the committee to reinstate University research and outreach funds. She supported funding for the Cooperative Extension. She spoke to her experience taking the master gardener class. She stated that gardening in Southeast was much different than in other areas in the state. She discussed supporting the state's food stability. She was working to provide education to the community on food sustainability. Her daughter had been involved in the 4-H program for years; the Alaska Experience Camp had taught survival skills.

[4:59:12 PM](#)

NAARA CONLON, STUDENT, JUNEAU, supported the continuation of the Cooperative Extension.

[4:59:30 PM](#)

KEVIN ALLEN, HIGH SCHOOL STUDENT, JUNEAU, spoke in support of education funds. He spoke in support of a \$50 increase to the Base Student Allocation (BSA). He provided a visual image about what would happen with or without the increase. He stated that it did matter because it involved Native success support and Native para-educators. He believed that the money was being stretched as far as possible; a lot of the programs were at risk. He hoped the committee would take his voice as the need.

[5:01:54 PM](#)

NICK CROWE, JUNEAU YOUTH SERVICES, JUNEAU, spoke against cuts to the behavioral health services programs. He spoke from the perspective of an abuse survivor. He discussed that without the mental health facilities and JYS he would not have succeeded to become a college freshman. Without the help of the mental health facilities he would not have come this far. He believed if the legislature cut the budget there would be a decrease in help for individuals facing suicidal tendencies and other. He stated that when people were charged for the ability to get help it made it more difficult.

[5:04:07 PM](#)

WHITNEY REEVES, 4-H LEADER, JUNEAU, strongly opposed cuts to education and health services programs. She believed the cuts would result in an increase of correctional costs. She stated that 4-H taught community respect; cutting education was a sad day. She stated that 4-H was part of the University. She supported pre-K through post-secondary education. She thanked the committee for its time.

[5:05:22 PM](#)

JORDEN NIGRO, CHAIR, KTOO BOARD OF DIRECTORS, JUNEAU, spoke against cuts to public broadcasting. She spoke about the importance of giving back to the community from her personal perspective. She discussed issues such as behavioral health services and to educate the state's systems. She stressed that the budget could not be balanced on the backs of the people served by the programs. She asked the legislature to not cut past the governor's proposed budget.

[5:07:28 PM](#)

DAVID EPSTEIN, SELF, JUNEAU, asked for a provision for individuals to donate all or part of their Permanent Fund Dividend as a credit against their state income tax burden.

[5:08:21 PM](#)

AMY JO MEINERS, 2016 ALASKA TEACHER OF THE YEAR, JUNEAU, spoke to the importance of funding education. She asked the committee to work to stabilize multiple funding sources. She urged the committee to give her generation the same opportunity to support services as her grandparents once

had. She spoke to the importance of health, safety, and education. She stressed that it was a crucial time to focus on education for students.

[5:10:48 PM](#)

JUDY CAVANAUGH, SELF, JUNEAU, testified against cuts to public radio. She depended on the high quality news on the public radio station. She believed the statewide public broadcasting system helped to keep remote Alaskans connected to urban areas. She asked the committee to look at other revenue including income tax. She asked the committee to not cut public radio past the governor's proposed level.

[5:12:49 PM](#)

JARED WEEMS, PHD FISHERIES STUDENT, UAF, JUNEAU, spoke against cuts to the UAF research budget. He stressed that a student was not an island; preparing a student in a school without chance for further research or educational opportunities was not the purpose of the university setting. He was in a PhD program in the University. He advocated for keeping the research funds intact, which would serve the public through fisheries management and other. He spoke to the importance that students and faculty reach out to the community.

[5:14:44 PM](#)

GAIL DABALUZ, UAFAA, JUNEAU, spoke in support of the UAF alumni association. She hoped that the legislature would continue to prioritize and consider education and workforce training as a high priority. The association supported a budget closer to Governor Walker's budget of \$335 million representing a 14.5 percent reduction from the current fiscal year. The organization was concerned that deeper cuts would hurt students and the economy. She supported funding to allow the UAF engineering building to continue. She spoke to increasing alumni giving. She thanked the committee for its time.

[5:16:28 PM](#)

KEVIN BELCOURT, SELF, JUNEAU, spoke in favor of Department of Health and Social Services and its programs having to do with recovery and addiction. He relayed his personal experience with drug addiction. He stressed that without

the help of social services he would not be here today. He had survived because of the current programs available. He emphasized that there was a huge problem with addiction in Alaska. He emphasized maintaining support for various health and social services programs.

[5:17:32 PM](#)

BRENDA TAYLOR, EDUCATION, JUNEAU, spoke in favor of maintaining the \$50 increase to the BSA level. She believed it was essential to create strong, quality education for pre-K to university students, especially in difficult economic times. She felt there was nothing left to cut. For example, the high school library staff had been reduced so much that the library could no longer be open at lunch time. She wanted efficiency in the use of funds. She spoke in favor of an income tax and make funding count.

[5:20:34 PM](#)

ANDI STORY, JUNEAU SCHOOL BOARD, JUNEAU, spoke in support of education. She stated that one of the biggest responsibilities and expenditures in the budget was the necessary funding of education. She stated that how well the state educated its students today will be reflected in the quality of the workforce tomorrow. She emphasized that the public repeatedly prioritized education as a high value. The board requested the committee to prioritize full funding of the BSA with the scheduled \$50 increase. She understood that the state was facing tough fiscal times. She spoke in support of the adoption of a sustainable fiscal plan that maintained essential services necessary for a strong economy. She relayed that the Juneau School Board was in its sixth year of making cuts. She noted that the states seeing the most academic gains had strong early learning programs. She stated that school board members were working countless hours to ensure good education for students.

[5:22:47 PM](#)

GEORGE SCHAAF, KTOO, JUNEAU, spoke against cuts to public broadcasting. He shared that the modest funding for public broadcasting was leveraged many times over by friends, neighbors, businesses, and nonprofit organizations. He stated that it was the kind of partnership that should be expanded and not dismantled. He stressed that public

broadcasting was critical to Alaskans on a daily basis, especially to rural areas. He stressed that without the public safety and emergency information services provided by public radio, rural Alaskans would lose a lifeline connecting them to the rest of the state. On-the-air broadcasting remained relevant; the internet was not a substitute. He stated that services like Gavel to Gavel were important for transparency. He urged the committee to not cut public broadcasting beyond the governor's proposal.

[5:24:55 PM](#)

JOAN CAHILL, NATIONAL COUNCIL ON ALCOHOL AND DRUG DEPENDENCE JUNEAU, JUNEAU, spoke against cuts to behavioral health services. She emphasized the importance of saving money, specifically through maintaining funding of behavioral health treatment and recovery grants. She discussed that the critical cost savings programs were currently slated for a \$3 million reduction. She stressed that every dollar of behavioral health investment yielded exponential savings to Alaska in healthcare, emergency services, preventing degradation of communities, homelessness, crime, and other. She stressed that the national heroin epidemic commanded attention; Alaska could not afford to leave the items unattended. She urged the committee to reinstate the \$3 million cut to behavioral health services.

[5:26:34 PM](#)

STEPHANIE ROUGHTON, PARENTS AS TEACHERS, JUNEAU, spoke against cuts to the Parents as Teachers program. She relayed that the program had helped her be more confident and at ease as a mother. She strongly supported the Imagination Library that provided parents with additional resources that they may not have access to. She spoke to the importance of the resource in her life. She begged the committee to avoid cutting the program.

[5:27:58 PM](#)

CATALINA IPUTI, SELF, JUNEAU, spoke in support of Juneau Youth Services and the Alaska Military Academy. She had been a substance abuse addict in the past. She spoke to her personal experience. She stressed the importance that programs had held in her life. She was grateful that the programs had graced her life with necessary skills to help

her move forward with goals and ambitions. She stressed the importance of mental health clinics. She discussed that depression, suicide, and addiction ran very strong. She was honored to speak to the committee about how much her experience had impacted her life. She stressed the positive impacts that mental health services had on Alaskans.

[5:30:39 PM](#)

EMILY THOMPSON, PARENTS AS TEACHERS, JUNEAU, spoke in support of Parents as Teachers and Best Beginnings. She stated that there was more brain growth that occurred in the first 1,000 days of life than in the rest of a person's life. She shared that Parents as Teachers worked to boost that growth. She discussed that the program was evidence-based that was proven to reduce the instances of childhood abuse and neglect. Participants reported improved parent/child relationships, lower stress, and increased school readiness all for \$4,000 to \$5,000 per year per family. She referred to the Adverse Childhood Experiences study showing that more of the events that happen to a person during childhood changed their potential as adults. She spoke to the goal of bringing down rates of abuse. She stated that eliminating early childhood education increased the chances a person would go to prison later in life. She asked the committee to cap her Permanent Fund Dividend and implement an income tax. She was willing to pay for services that mattered to the state's future.

[5:32:16 PM](#)

CLAIRE GELDHOF, SELF, JUNEAU, spoke in support of early childhood education. She had been faced as a nurse working with people with heroin problems that she believed began and were related to early childhood education funding and support services for families. She shared that on a daily basis she referred and utilized services through support groups such as Parents as Teachers. She stated that service providers reached for programs of that nature when helping families facing abuse and addiction. She recognized that it was a difficult time, but it was a wonderful time to come to the table to revisit Alaska as we know it and to work together to create a better future.

[5:33:42 PM](#)

RACHEL DISNEY, SELF, JUNEAU, spoke in support of education. She urged the committee to continue funding early education. She spoke to preventing many of the problems that occurred in later life. She stated that the money saved by cutting early education was only a drop in the bucket compared to what it would cost later.

[5:34:47 PM](#)

DAVID LOVE, SELF, JUNEAU, spoke in support of early childhood education and the Cooperative Extension. He stated that the program helped to support food security in Alaska. He shared information about his business Root Cellar Farm in Gustavus. He discussed soil management work, food safety, and local food resources. He relayed that the Cooperative Extension had benefitted the local economy. Cooperative Extension provided youth with apprenticeship programs and life skills. He asked for continued funding through UAF.

[5:36:42 PM](#)

AARON BRAKEL, SELF, JUNEAU, spoke in support of finding revenues to fund the state operations. He supported the testimony by others. He listed mental health, early childhood, public broadcasting, cooperative extension, and other needs. He strongly believed that we need to look to ourselves to fund the needed government services. He understood that the state would not have the ability to continue to fund programs at previous levels. He encouraged the use of a mix of funding sources including an income tax and caps to the Permanent Fund.

[5:39:10 PM](#)

BRIAN HOLST, SENIOR CLASS PRESIDENT, JUNEAU DOUGLAS HIGH SCHOOL, JUNEAU, spoke in support of education. He stated that limited budgets were impacting students. He felt that the education he received had prepared him for college, but he was worried that his younger brother would not have the same opportunities. He believed the children of today would become the leaders of tomorrow and should be taught how to lead effectively. He urged the committee to invest in education.

[5:40:33 PM](#)

BRIAN HOLST, DIRECTOR, JUNEAU ECONOMIC DEVELOPMENT COUNCIL, JUNEAU, believed that it was in the power of the legislature to largely determine whether the state went into recession. He stated that severe cuts to spending would weaken the state's economy and insufficient action on addressing the state's revenue issues would further erode confidence in the business community. He asked the committee to keep investing more in Alaskans. He stressed the importance of investing in education to give every Alaskan a solid shot at a good future. He emphasized that education was a sound economic development strategy. He asked the committee to make the fiscal decisions to allow for economic

[5:42:41 PM](#)

AMANDA GOINS, SELF, JUNEAU, spoke in support of early education and Parents as Teachers. She wanted to stay in the community. She stressed that visits from providers had encouraged her to stay in Alaska despite challenges finding daycare and other economic challenges. She encouraged the legislature to continue the programs.

[5:43:36 PM](#)

BRUCE ROGERS, SELF, JUNEAU, discussed his personal experience in Alaska. He spoke to the importance of horticulture. Everything he had learned was from Alaska Natives about self-sustainability. He spoke in support of education. He spoke to his learning style. He relayed his personal story.

[5:47:00 PM](#)

CHRIS ROSE, EXECUTIVE DIRECTOR, RENEWABLE ENERGY ALASKA PROJECT, ANCHORAGE (via teleconference), testified in support of the reinstatement of renewable energy fund money and emerging energy technology funds. He stated that the Alaska Energy Authority (AEA) estimated that the 64 projects that had been constructed thus far would save \$60 million in diesel in the current year (30 million gallons of diesel fuel). He stated that the state had invested \$259 million in the fund since 2008. He spoke to leveraged funds; there had been a great partnership between the state and private sector. The dollars saved were making it easier for people to stay in rural communities; \$5 million would keep the fund moving. He asked for the reinstatement of

funds that AEA needed to administer the programs. He appreciated the committee's hard work.

[5:49:31 PM](#)

BETH WELDON, SELF, JUNEAU, spoke in support of full funding for education. She shared that as a business owner in Juneau, they hired blue collar workers. She stated that one of the budget cuts would get rid of technical programs, which was where she got her workforce. She asked the committee to be creative in locating other revenue sources.

Co-Chair Neuman asked any other members of the public to come forward.

[5:50:43 PM](#)

ELISE TOMLINSON, SELF, JUNEAU, spoke in support of education. She loved living in Alaska and appreciated how the legislature had supported the University and education in general over the years. She hoped the committee would consider exploring other means of revenue to help support the services that made Alaska great. She did not want to see people lose jobs and leave the state.

[5:52:19 PM](#)

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[5:58:47 PM](#)

RECONVENED

Co-Chair Thompson discussed the schedule for the following day.

#

ADJOURNMENT

[5:59:43 PM](#)

The meeting was adjourned at 5:59 p.m.