

SENATE FINANCE COMMITTEE

March 7, 2016

9:08 a.m.

[9:08:22 AM](#)

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:08 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Peter Micciche, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

James Armstrong, Staff, Senator Pete Kelly; Erin Shine, Staff, Senator Anna MacKinnon; Jon Sherwood, Deputy Commissioner, Medicaid and Health Care Policy, Department of Health and Social Services; Karen Forrest, Deputy Commissioner, Commissioner's Office, Department of Health and Social Services; Senator Dennis Egan; Forest Wagner, Assistant Professor Outdoor Studies, University of Alaska Southeast (UAS), Juneau; Jayne Andreen, President, Alaska Public Health Association (ALPHA), Juneau; Mark Miller, Superintendent, Juneau School District, Juneau; John Clough, President, Alaska Public Broadcasting, Juneau; Michelle Weaver, Self, Juneau; Ian Niecko, Case Manager, Juneau Alliance for Mental Health, Juneau; Gus Marx, Grant Writer, Juneau Youth Services, Juneau; Mary Hakala, Self, Juneau; Rachel Gearhart, National Association of Social Workers, Alaska Chapter, Juneau; Callie Conerton, Vice Chair, Coalition of Student Leaders, UAS; George Reifenstein, Self, Juneau; Amy Lujan, Executive Director, Alaska Association of School Board Officials, Juneau; Sasha

Soboleff, Grand President, Alaska Native Brotherhood, Juneau; Frank Coenraad, Director, Alaska's Learning Network, Juneau; Bob Bartholomew, Finance Director, City and Borough of Juneau, Juneau; Gordon Kruse, Director, Fisheries Division, University of Alaska Fairbanks (UAF), Juneau; Kathi Collum, Board Chair, Juneau Youth Services, Juneau; Alex McGuan, Self, Juneau; Melinda Messmer, Home Visitor, Parents as Teachers, Juneau; Jada Kahl, Early Education, LEND, Juneau School District, Juneau; Talea Kellar, Home Visitor, Parents as Teachers, Juneau; Kelsey Venechuk, Self, Juneau; Amber Frommhere, Self, Juneau; Tina Peyerk, Self, Juneau; Cynthia Katzeek, Self, Juneau; Brenda Taylor, Self, Juneau; Andrea Dewees, Assistant Professor of Spanish, UA, Juneau; Beth Weldon, Self, Juneau; Kirk Duncan, Chair, Coast Alaska, Juneau; Rick Iannolino, Self, Juneau; Nick Crowe, Juneau Youth Services, Juneau; Rick Svobodny, Self, Juneau; Kathie Wasserman, Alaska Municipal League, Juneau; Clay Walker, Denali Borough Mayor, Vice-president, Alaska Municipal League (AML), Juneau; Mike Mann, Self, Juneau; Anne Fuller, Self, Juneau; Aaron Brakel, Self, Juneau; Amy Jo Meiners, 2016 Alaska Teacher of the Year, Juneau; Dave Newton, Self, Juneau; Lisa Eagan Lagerquist, Self, Douglas; Josh Keaton, Self, Juneau; Frank Rue, Self, Juneau; Sally Rue, Self, Juneau; Denise Doniello, Alaska Commission on Aging, Juneau; Marcelo Quinto, Self, Juneau; Shayna Rohwer, Self, Juneau; Tom Brice, Self, Juneau; Emily Thompson, Parents as Teachers, Self; June Rogers, Self, Juneau; Lillian Worl, Self, Juneau; Mara Early, Self, Juneau; Andi Story, Member, Juneau School Board, Juneau; Kelly Sorensen, Self, Juneau; Katey Blagden, Self, Juneau; Noah Williams, Self, Juneau.

PRESENT VIA TELECONFERENCE

SUMMARY

SB 74 MEDICAID REFORM/PFD/HSAS/ER USE/STUDIES

SB 74 was REPORTED out of committee with individual recommendations and with 1 new fiscal impact note from the Department of Administration; 1 new fiscal impact note from the Department of Commerce, Community and Economic Development; 1 new fiscal impact note from the Department of Law; and 13 new fiscal impact notes

from the Department of Health and Social Services.

SB 139 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 139 was HEARD and HELD in committee for further consideration.

SB 140 APPROP: MENTAL HEALTH BUDGET

SB 140 was HEARD and HELD in committee for further consideration.

PUBLIC TESTIMONY: JUNEAU

#sb139

SENATE BILL NO. 139

"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."

[9:09:11 AM](#)

Co-Chair MacKinnon directed attention to a proposed committee substitute for SB 139.

Co-Chair MacKinnon MOVED to ADOPT proposed committee substitute for SB 139 (FIN), Work Draft 29-GS2740\W (Wallace, 3/3/16).

Senator Bishop OBJECTED for discussion.

[9:10:13 AM](#)

JAMES ARMSTRONG, STAFF, SENATOR PETE KELLY, explained that the committee substitute (CS) incorporated all of the numbers that the budget subcommittees had forwarded to the committee the previous week. He continued that the language section of the budget had some major technical changes to the bill that was introduced and amended by the governor's office. The title was amended to include FY 16

appropriations, and the new version removed all the dividend "plumbing" that had been encapsulated in the governor's bill. Additionally, the CS reformatted to resemble a typical operating budget similar to years past, and removed the pension obligation bonds contained in the original bill. In the numbers section of the CS, all the funding for the Alaska's Liquid Natural Gas Project (AKLNG) was removed, totaling almost \$29 million. He added that the other body had used excess PCE funds to help fund one of the agencies, but the provision was not in the CS being considered.

[9:11:31 AM](#)

Mr. Armstrong continued that the CS contained funding for the single audit within the Department of Health and Social Services (DHSS), which would be a three-year project of approximately \$932,000. He specified that the CS capped funds for firefighting crews, not to exceed \$1,125,000. He stated that the CS smoothed out the funding for the Division of Elections, with \$1.9 million in FY 16, and \$1.9 million in FY 17. He clarified that in future years, the division would have \$1.9 million in the budget.

[9:12:32 AM](#)

Mr. Armstrong pointed out new fund capitalization in the amount of \$7.5 million for Group Health and Life Benefits Fund, which would fund approximately half of what the administration was proposing. He directed attention to excess funding from FY 16 that was put toward the Public Education Fund in the amount of approximately \$435 million. He highlighted that one third of the amount was used to displace FY 17 funding for education. He asserted that the change resulted in education being fully funded, but had a different fund source.

[9:13:18 AM](#)

Mr. Armstrong stated that the CS contained no funding in FY 16 or FY 17 for the Community Revenue Sharing Program. He furthered that the program utilized a three-year rolling average, and if the CS remained as it was currently written, revenue sharing would receive approximately \$38 million in FY 17.

Mr. Armstrong continued discussing the CS, noting that the new version would deposit \$80 million in to the Higher Education Fund in FY 16, and then capitalized the fund. In FY 17 an appropriation was made to displace funds within the statewide assistance to TERS, lowering the general fund (GF) component in FY 17 by \$77 million.

[9:14:09 AM](#)

Mr. Armstrong noted that the work draft reduced the deposit to the Renewable Energy Fund by \$5 million. He mentioned three small retirement accounts (for the Elected Public Offices, Alaska Nation Guard, and Alaska Naval Militia retirement systems) that were embedded in the numbers section which were moved to statewide retirement so as to be housed in the same area of the budget. He added that there were no Constitutional Budget Reserve provisions in the CS.

[9:15:03 AM](#)

Co-Chair Kelly explained that there would be public comment on the budget at a later time, and members would submit amendments later in the week.

[9:15:35 AM](#)

Senator Dunleavy asked for a total of reductions when considering the governor's plan to the House and then to the Senate. Mr. Armstrong replied that there was a report from the Legislative Finance Division (LFD) in the member's packets. He directed member's attention to the bottom of column 2, \$4,511,000,000 was the total listed for the governor's amended total budget. The House total was \$4,093,520,000 and the Senate total was approximately \$27 million higher. He noted that the other body was considering amendments the following day, and would be using some PCE funds in non-traditional places. He summarized that the changes between the two bodies were contained within DHSS, University of Alaska, and the Department of Transportation and Public Facilities.

[9:16:49 AM](#)

Senator Dunleavy clarified that the amount being considered was of \$4,120,098,000. Mr. Armstrong answered in the affirmative.

Mr. Armstrong explained that the blue binders before the members contained the budget action sheets for each subcommittee, as well as the narratives, so members could follow along to understand the changes. He noted that after the CS was adopted, the LFD website would have each comparison available for consideration.

[9:17:29 AM](#)

Co-Chair MacKinnon asked if Mr. Armstrong could quantify the percentage or dollar amount total of an overall cut from the previous year to the current year.

Co-Chair Kelly commented that whatever number Mr. Armstrong discussed, the amount would be different after the upcoming work on the budget was completed.

Mr. Armstrong discussed the reductions and estimated that between the governor's reductions, the reductions in the House, and the reductions from the CS; reduced the budget overall by nearly \$215 million.

Co-Chair Kelly stated that number was consistent with what he had discussed during a press conference earlier in the day.

[9:19:07 AM](#)

Senator Hoffman asked if column 2 of the LFD report included all of the governor's amendments that had been submitted to the Senate for consideration.

Mr. Armstrong stipulated that there had been an amendment for \$2 million that was not included in the CS. He could not recall the details of the amendment, but was confident that the governor's office would have a list of amendments it would want to see restored in the budget.

[9:19:38 AM](#)

Co-Chair Kelly clarified that only members of the Senate Finance Committee would be offering amendments to the budget. If other Senate members wanted to offer amendments, they would need to work through the committee members.

Mr. Armstrong discussed the upcoming schedule for amendments and public testimony.

9:20:39 AM

Senator Bishop REMOVED his objection. There being NO OBJECTION, it was so ordered. The CS for SB 139(FIN) was ADOPTED.

9:21:04 AM

Senator Hoffman asked if amendments would be considered if they were not available to the legal drafters by the specified time.

Co-Chair Kelly answered in the affirmative.

9:21:19 AM

Vice-Chair Micciche considered that there had been a lot of misunderstanding regarding past budgetary work, and thought that it might be helpful to get an overview from LFD regarding budget changes in the departments over the previous few years.

Co-Chair Kelly mentioned a recent question from a reporter, thought it was important the public understood that the Senate and the House had different ways of counting things as cuts. He referred to a question about \$200 million in tax credits that were reduced the previous year, and he had expressed that the Senate did not count the reduction as a legitimate cut, but rather a "false cut." He characterized the committee's budget methodology as a form of discipline that the committee engaged in. He agreed that it would be positive for LFD to overview budget processes for clarification. He thought some bloggers had made outrageous statements about budgetary decisions, and thought it showed a lack of understanding of the process.

SB 139 was HEARD and HELD in committee for further consideration.

#sb140

SENATE BILL NO. 140

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[9:24:25 AM](#)

Co-Chair MacKinnon MOVED to ADOPT proposed committee substitute for SB 140(FIN), Work Draft 29-GS2742\W (Wallace, 3/4/16).

Senator Bishop OBJECTED for discussion.

Mr. Armstrong discussed the proposed CS. He stated that in years past, traditionally the other body removed one capital project from the proposed budget. He clarified that there were five projects currently incorporated in the bill. He continued that when the committee received the House version of the bill on Friday, it would reverse the order and not fund the other four projects, which would render the mental health bill conferenceable.

Mr. Armstrong continued that the House had removed the mental health coordinated transportation in vehicles, in the amount of \$1.1 million, which he considered standard operations.

Senator Bishop REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Kelly handed the gavel to Co-Chair MacKinnon.

SB 140 was HEARD and HELD in committee for further consideration.

[9:26:34 AM](#)

AT EASE

[9:30:54 AM](#)

RECONVENED

#sb74

SENATE BILL NO. 74

"An Act relating to permanent fund dividends; relating to a medical assistance reform program; establishing a personal health savings account program for medical assistance recipients; relating to the duties of the Department of Health and Social Services; establishing medical assistance demonstration projects; and

relating to a study by the Department of Health and Social Services."

[9:31:18 AM](#)

Co-Chair Kelly MOVED to ADOPT proposed committee substitute for SB 74, Work Draft 29-LS0692\U (3/4/16, Glover).

Co-Chair MacKinnon OBJECTED for discussion.

ERIN SHINE, STAFF, SENATOR ANNA MACKINNON, discussed the CS for SB 74, and explained that the work draft incorporated all of the amendments that had passed the previous week. She highlighted two additional changes reflected in the CS and directed attention to page 39, line 15 of the bill. The change added the word "retirees" to the draft, after it had been inadvertently omitted in the amendment pertaining to the Healthcare Authority study with the Department of Administration. She pointed out another change on page 40, lines 27 through 31 of the bill. Previously, the section had required all of the False Claims Act to require a two-thirds vote; after conversation with the legal department, members decided to remove the sections that did not require a two-thirds vote.

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO further OBJECTION, it was so ordered.

[9:33:42 AM](#)

Co-Chair MacKinnon directed the committee's attention to an overview document prepared by the department "DHSS Fiscal Impacts for CSSB74(FIN), version U - with amendments," (copy on file). She explained that the document encompassed all of the fiscal notes that were in draft form, but were not anticipated to change. She thought the overview would simplify the process of examining the fiscal impact, and detailed that she and Senator Kelly's staff had met with the department and LFD over the weekend to update the fiscal notes. She furthered that she had observed a reaction from committee members pertaining to the number of personnel being requested by the department to implement the Medicaid program, as well as observing less savings than expected.

[9:35:08 AM](#)

Co-Chair MacKinnon directed attention to the FY2017 column of the document, which reflected what the subcommittees had already done. She noted that as the committee moved forward with implementation of reform, it had identified savings in various areas. Consequently the department had been unable to reflect the savings on the fiscal note, because the savings was not a result of direct policy in the bill. She continued that there was explanation on the fiscal note that explicated the situation. She anticipated savings of over \$100 million, and pointed out that the number from FY 17 was different than previously considered numbers because the fiscal notes were not reflecting what was happening in subcommittee in terms of cost savings on travel and other items.

Co-Chair MacKinnon reminded the committee and the public that the document being reviewed was only for DHSS, and did not reflect savings in the Department of Law or other areas.

[9:37:40 AM](#)

Co-Chair Kelly expressed appreciation for the work that was completed over the weekend. He was in favor of incorporating the aforementioned note in the fiscal note. He discussed making departmental reductions to reflect savings created through the passage of the bill as it moved through committees.

[9:38:31 AM](#)

Co-Chair MacKinnon commented that the Senate Finance Subcommittee on Medicaid would work with colleagues in the House to identify additional funding sources that might be available. She relayed that the Mental Health Trust Board had indicated some willingness to examine the implementation of the behavioral health changes. She anticipated additional changes to fiscal notes and additional collaboration during the bill process.

[9:39:13 AM](#)

Vice-Chair Micciche asked for clarification on the savings reflected between the "Grand Total" table on the first page of the fiscal impacts document, and the table on the second page. He asked if the department could explain the difference between the two tables.

[9:39:58 AM](#)

JON SHERWOOD, DEPUTY COMMISSIONER, MEDICAID AND HEALTH CARE POLICY, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, addressed Vice-Chair Micciche's question regarding the tables on the fiscal impacts document. He clarified that the table on first page of the document reflected every provision of the bill and totaled them. The table on second page was comprised of items which resulted in significant savings. He noted that there were some provisions of the bill that did not get included in the table, and was more intended as a reference to observe cost saving measures and individual impacts. He continued that the tables did not attempt to incorporate every provision in every fiscal note, and there were some expenses that would not be reflected in the summary table on the first page.

[9:41:02 AM](#)

Mr. Sherwood relayed that the department had seriously considered the committee's comments from the previous week, and had examined its assumptions and timelines. Further, the department had looked at the bill amendments and made some significant changes, and in some cases had moved up its timelines. He specified that with the incorporation of the provisions proposed in the budget subcommittees, the tribal claiming timeline was effectively moved up. Additionally, the start of 1915(I) and 1915(K) provisions were both moved up by six months.

Mr. Sherwood continued to discuss the bill and the fiscal impacts sheet, noting that the department had identified potential savings in areas of primary care case management, telehealth, and pioneer homes (as a result of an amendment). The department had also found some reductions in positions and capital costs. He thought the co-chair had done a great job of summarizing the first table, in terms of the net effect of the bill. He pointed out that savings totaling over \$31 million in FY 17 was projected to grow in GF to almost \$114 million by FY 22. He added that the bill also resulted in total fund reductions beginning in FY 17 and growing through FY 22.

Mr. Sherwood discussed the "Positions" table on the first page, noting that the department reduced the total request for positions. The department would add seven positions in FY 17, including four positions to work on enhanced or

accelerated tribal claiming (also included in the budget subcommittee proposal). He quantified that effectively, the department reduced five of the positions it had asked for previously. The amount of positions would peak at nine in FY 18 while completing start-up work, gradually paring back to five net positions as efficiencies were achieved as a result of Medicaid reform.

[9:43:23 AM](#)

Co-Chair Kelly clarified that his earlier mention of 27 positions was incorrect.

Co-Chair MacKinnon explained that the subcommittee had gone through an exercise with the department to reduce positions, and the number had changed over time. The subcommittee was trying to reflect the changes to create transparency for the public.

[9:44:18 AM](#)

Mr. Sherwood discussed the "Capital Budget Costs" table on page 1 of the document, explaining that capital costs had gone down to a total of \$9.1 million and were comprised of 90 percent federal funds. In addition to adjusting some assumptions, the department had reallocated some costs more appropriately. He noted that the committee might observe some numbers had moved between fiscal note components, but that overall there had been a net reduction.

[9:44:53 AM](#)

Co-Chair MacKinnon asked if the department had looked at the 50-50 funding ratio on some items and consider how the state might present a case to the federal government to have some positions or capital costs specifically covered at a 90-10 rate in aid of trying to work toward eliminating fraud in the system (and other items).

Mr. Sherwood answered in the affirmative. He elaborated that the department reviewed areas that indicated a 50-50 funding ratio. He thought the state had a substantial case it could make to the federal government. He thought the department's initial presentation might have been more conservative due to caution and uncertainty.

[9:45:43 AM](#)

Co-Chair MacKinnon discussed the explanation of benefits process for individuals receiving services through Medicaid. She considered it was a false claims reporting augmentation which was new to the system, and by virtue of its inherent authentication with the patient [to help prevent fraud] should qualify for a 90-10 split.

Mr. Sherwood concurred.

[9:46:36 AM](#)

Vice-Chair Micciche thought it was difficult to quantify the savings at the current time without knowing the effectiveness of the changes. He mentioned reductions in emergency care through primary care and case management, the Prescription Drug Monitoring Program and behavioral health improvements, reduction of travel through telehealth, changes to pioneer homes, and reduction in fraud and abuse. He asked if it would take a couple of years to observe the results of the improvements.

Mr. Sherwood stated that the department was trying to be reasonable in its projections, and thought one of the challenges was to avoid the double-counting savings through different reform efforts. He used the example of saving funds on travel through using both a tribal claiming initiative as well as telehealth. He furthered that the department's telehealth estimates did not include substantial components of travel due to concerns about double-counting.

[9:48:35 AM](#)

Co-Chair Kelly appreciated the level of scrutiny that Mr. Sherwood had described. He discussed earlier comments pertaining to quantifying budgets and thought Mr. Sherwood had employed conservative thinking as he examined the numbers.

[9:49:10 AM](#)

Co-Chair MacKinnon understood that two fiscal notes had been eliminated. Mr. Sherwood thought one of the two fiscal notes in question had come back. He clarified that one fiscal note for the Administrative Services support was gone. He had previously thought that a fiscal note for the

Division of Public Assistance could be eliminated, but the department had realized it was necessary to show a component in the fiscal note.

[9:50:10 AM](#)

Co-Chair MacKinnon pointed out that there were two additional fiscal notes that needed updating. Mr. Sherwood relayed that he would be making further comments on the document, then would discuss the two additional fiscal notes. He added that there one new fiscal note that could be easily summarized in the cost savings table rather than a more detailed discussion.

Co-Chair MacKinnon directed attention to fiscal note component number 2077 and component number 2662; for a Medicaid services appropriation, and an appropriation to Medicaid services - senior disabilities.

[9:51:48 AM](#)

Mr. Sherwood highlighted the "Savings Measures (UGF)" table on page 2 of the document, noting that the table included the additional funds anticipated to be saved in the tribal claiming policy change. He noted that the department had increased and accelerated the savings in primary care case management, and also showed savings in telehealth beginning in FY 18. He highlighted savings of approximately \$1 million GF annually as a result of an amendment the previous week to the payment assistance language, which would correspond the new fiscal note for the pioneer homes. The department was also able to reduce the start-up cost for the eligibility verification system, and identify some operational savings in the same area.

Mr. Sherwood summarized that one thing that was not in the fiscal notes was the impacts of the work to develop more effective and integrated behavior health system and 1115 waiver.

[9:53:27 AM](#)

KAREN FORREST, DEPUTY COMMISSIONER, COMMISSIONER'S OFFICE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, noted that the department expected that behavioral health reform (as demonstrated in the bill but not shown in the fiscal notes) would result in significant savings in other state agencies

and municipalities across the state. She particularly expected to see savings in the criminal justice system, the Department of Corrections, the Alaska Court System, and the Department of Public Safety. She thought it was hard to quantify potential savings at the current time, and highlighted past committee testimony regarding the importance of behavioral health reform as it pertained to the criminal justice reinvestment and reform.

[9:54:29 AM](#)

Co-Chair MacKinnon asked if Ms. Forrest would be giving an indeterminate fiscal note related to a separate corrections bill that was in the committee process. She wondered about the possibility of additional savings that committee members might need to take into account when considering the bill. Ms. Forrest avowed to look into the matter.

[9:54:51 AM](#)

Mr. Sherwood directed attention to fiscal note component number 2077 for healthcare Medicaid services, which he explained was the largest component of the Medicaid services and had the most features. He pointed out a very small increase in operating cost for FY 17, but a substantial reduction in GF. He discussed the savings to the program that would start at over \$3.7 million in FY 18, and growing to over \$28 million in FY 22. He referred to the substantial reduction in GF, reducing from approximately \$27 million in the first year to over \$60 million in FY 22.

[9:56:35 AM](#)

Mr. Sherwood continued to discuss the fiscal note, and pointed out an error pertaining to position requests. He reported a capital cost of \$6.9 million associated with the fiscal note. He explained that the fiscal note encompassed a number of provisions relating to sections of the bill relating to fraud. He mentioned savings from the False Claims Act, savings from the self-review for overpayment, savings from civil penalties, and projected savings from the civil forfeiture provisions. He added that savings would be reflected in the summary document on the first table on the first page. He discussed primary care case management, which showed savings beginning in FY 18. He mentioned the health homes options, which would save the

state substantial amounts of money. He pointed out telehealth provisions, the coordinated care demonstration projects, and the hospital emergency room reduction project, which were all included in the fiscal note. There were savings associated with the tribal health travel claiming, as well as provisions for a health information infrastructure plan. He clarified that although the health information infrastructure plan did involve a modest expense, almost all of the funds were a 90-10 federal money.

[9:58:55 AM](#)

Mr. Sherwood addressed fiscal note component number 2662, for senior and disabilities Medicaid services, and noted that the allocation involved three different provisions. There would be an impact to services in the tribal claiming change, which showed strictly as a fund source switch. The second provision concerned 1915(k), which would create a new home and community-based program to provide personal care services for people who qualified for waivers, and came with an enhanced match rate 6 percent greater than the regular match rate. Consequently, the department would move personal care services from the current optional service to the 1915(k) option; and there would be a fund source switch after receipt of enhanced federal funds. He discussed the third provision, the 1915(i) option under Medicaid, in which a new option would be used for home and community-based services to cover individuals currently receiving services through state-funded programs under the Medicaid program. He continued that rather than paying for the services at 100 percent general fund, the state would get a 50 percent federal match.

Mr. Sherwood continued to the fiscal note, communicating that other fiscal notes demonstrated reductions in grant programs that equaled the amount of increased operating costs; the fiscal note showed \$5.8 million beginning in FY 18 and growing to \$17 million by FY 22. He summarized that the fiscal note encompassed where the state would pick up the general fund cost as well as the federal cost and savings. He highlighted the capital cost of \$1.2 million, which was 90-10 funded; and recognized that the department needed to allocate some of the funds that it had put in other fiscal notes for capital projects to senior and disability services.

10:01:43 AM

Mr. Sherwood addressed fiscal note component number 2671, an allocation for pioneer homes, and explained that the fiscal note reflected a change in fund source. Due to the language in a recent amendment to the pioneer home payment assistance program, the department believed it could collect additional funds from the Medicaid waiver program as opposed to having to pay for it out of the state's payment assistance plan. The fiscal note showed a reduction in GF, which was a reduction to the payment assistance plan and an increase in interagency receipts that received the federal Medicaid funds into the pioneer home budget.

10:03:33 AM

Vice-Chair Micciche asked what part of the bill the fiscal note corresponded to. Mr. Sherwood pointed out language on page 35, lines 21 through 23, pertaining to requiring an individual applying for medical assistance coverage to provide the decision letter regarding the application.

10:04:44 AM

Mr. Sherwood recalled that he misspoke earlier regarding changes to fiscal notes. The fiscal note addressing behavioral health administration had not been eliminated, in aid of demonstrating reductions in staff. The department had eliminated the Public Assistance Administration fiscal note and combined information in to the fiscal note component number 237 addressing the fraud component.

10:05:41 AM

Co-Chair MacKinnon expressed appreciation for the work the department had done over the previous weekend.

Co-Chair MacKinnon reminded the public that the fiscal impacts document being addressed was only pertaining to DHSS and no other agencies.

10:07:08 AM

AT EASE

10:08:57 AM

RECONVENED

Vice-Chair Micciche reviewed fiscal note component number 45, for centralized administrative services in the office of the commissioner of Department of Health and Social Services. He listed a personal services cost of \$134,600 in FY 17, combined with a services cost of \$700,000 for a total of \$834,600. He pointed out there was a further cost in FY 18 of \$33,600 in personal services, and then no cost from FY 19 through FY 22. He clarified that the funds were for a temporary position in FY 17 and FY 18 and there was no capital cost.

[10:10:17 AM](#)

}John Boucher, Deputy Commissioner, Department of Administration{ addressed the fiscal note. He understood that the intent of the health care authority feasibility study referenced in the fiscal note was to provide impetus for a broader discussion of healthcare spending in the state beyond Medicaid benefit recipients. He mentioned a study by Commonwealth North that had quantified the total state spend (including Medicaid) at \$1.55 billion. He did not think the total had included some of the indirect costs through the foundation formula for teachers and other categories. He read from the analysis section of the fiscal note:

The Committee Substitute for SB 74 requires the Department of Administration, in collaboration with the Legislative Finance Committees, to procure a study to determine the feasibility of creating a health care authority that could coordinate health care plans and consolidate purchasing effectiveness for all state employees, retired state employees, retired teachers, medical assistance recipients, University of Alaska, state corporation, and school district employees.

Mr. Boucher continued to discuss the fiscal note, pointing out that it required the feasibility study to be completed on or before June 30, 2017. He relayed that the department had looked at comparable studies the previous week, and found that they cost around \$350,000. He thought considering the scope of the study, and the public process, the state would need to rely on other states that had examined the same topics. He estimated that the state could spend up to \$700,000 on the study. He specified that the department envisioned one temporary position to manage the study through the commissioner's office.

[10:12:58 AM](#)

Co-Chair MacKinnon clarified that Senator Dunleavy had proposed a similar study previously. She hoped that the administration would review the report and consider the challenges that the legislature had faced in extracting information needed to evaluate long-term benefits for Alaskans. She emphasized the need for awareness of the bargaining cycle that determined health benefits as the state moved forward to look at health care savings.

[10:13:56 AM](#)

Senator Dunleavy asked about the fiscal note narrative, and wondered if active teachers were included under the heading of 'school district employees,' Mr. Boucher answered in the affirmative, and stated that the language in the bill referred to "direct and indirect funding by the state of Alaska." He had not listed every group that could potentially be covered. He thought one challenge the study would have to meet was determining the most important scope first. He thought it would be important to ensure that the state received the best value out of the study.

[10:15:04 AM](#)

Co-Chair MacKinnon emphasized that the state spent an incredible amount of money on insurance through local governments and through state government entities. Individual communities and larger cities were also negotiating for health benefits. She thought that the state had incredible buying power that had been fractured. She thought there was a belief that with such great buying power, the people of Alaska should not be paying some of the costs of the benefits being received. She hoped, through collaboration with the administration, to bring the bargaining units together and try and get better services with the money being spent.

[10:16:09 AM](#)

Co-Chair Kelly thought it was important to address some comments made by Senator Dunleavy when the committee worked on the issue three years prior. He recounted that there had been a different financial environment at the time, and Medicaid expansion created a much larger pool.

[10:16:55 AM](#)

Senator Dunleavy agreed that there had been a different financial climate when the topic was discussed previously. He referred to certain groups in opposition to health care consolidation. He furthered that with a worsening financial climate, he hoped that the overall benefit to the state would take precedence over a small amount of groups that would not benefit from such consolidation.

[10:17:28 AM](#)

Mr. Boucher stated that the department looked forward to the challenge of moving forward with Medicaid reform, and thought that everyone recognized that the state was spending a tremendous amount on healthcare. He thought that it was a good idea for the state to leverage its buying power.

[10:17:51 AM](#)

Vice-Chair Micciche discussed fiscal note component number 2203, for criminal appeals and special prosecution in the Department of Law's Criminal Division. He reviewed the total operating costs from FY 17 through FY 22 at \$365,000, comprised of \$273,700 in federal receipts and of \$91,300 in state funds. The fiscal note listed two full-time positions from FY 17 through FY 22. There was a change in positive revenues of about \$500,000 per year.

[10:18:40 AM](#)

}John Skidmore, Director, Criminal Division, Department of Law{ addressed the fiscal note, making note of one substantive change. The department had changed the funding from GF to statutorily designated receipts (SDR) after responded to members concerns about the added number of positions associated with the legislation. Additionally, DOL had indicated that the state would be collecting significant monies from fraud, which would serve as the new fund source. He noted that in the first year the funds would be split equally between GF and SDR to allow the program to develop fully. Thereafter the funds would be 100 percent SDR.

[10:20:15 AM](#)

Senator Dunleavy cautioned careful and cognizant reflection on the collection of department funding, and hoped it would be done the right way. He thought a number of members would be observing the process and listening to their constituents on the matter.

Senator Dunleavy asked if Mr. Skidmore's division also prosecuted permanent fund dividend (PFD) fraud.

Mr. Skidmore stated that there was a prosecutor within the Office of Special Prosecutions that prosecuted PFD fraud. He added that he agreed with Senator Dunleavy that collection of fraud funds needed to be monitored carefully, and it was not the department's intent to go after individuals simply for the point of recovering money. He clarified that the act [the proposed Medical Assistance False Claim and Reporting Act] was set up so that the state could collect attorney's fees, the same way in which one would in most civil cases.

Senator Dunleavy used an example of other states collecting greater and greater amounts of fees through traffic violations. He was concerned that the collection was done in the right way and that people were not overstepping their authority.

[10:22:15 AM](#)

Vice-Chair Micciche appreciated Mr. Skidmore's earlier comments, and thought he had been conservative in the estimated change in revenues from fraud collection. He recounted historical cases of fraud in Alaska and imagined that a dedicated effort could result in significant savings for the state. He expressed appreciation for Mr. Boucher's explanation and efforts. He hoped that the message was being conveyed regarding fraud and abuse of the Medicaid system.

[10:23:24 AM](#)

Senator Bishop thought the sections of the bill referring to fraud set a high bar for the burden of proof in order for the attorney general to proceed.

Mr. Boucher stated that there was a higher burden of proof for the claims than there was for the grand jury. He added

that there was a lower burden of proof to pursue the cases civilly rather than criminally.

10:24:29 AM

Senator Hoffman expressed concern that the state constitution did not allow for dedicated funds. He referred to the potential savings of \$800,000 in the first year. He wondered if the cost would be recurring every year. He thought there could be substantial increases to DOL's budget and bottom line, and wondered if the SDR would increase cumulatively over time.

Mr. Skidmore stated that DOL anticipated that in the first year there would be initial start-up activities, and would build momentum in the future. He specified that each year there would be payouts of Medicaid monies. Consequently, each year the department expected to pursue anyone that was engaged in fraudulent activities and thereby collect designated receipts estimated in the amount listed on the fiscal note. The amount \$91,300 was the state's portion of funding the positions, which were 75 percent funded by the federal government. He confirmed that the amount would be recurring.

10:27:28 AM

AT EASE

10:28:00 AM

RECONVENED

Co-Chair Kelly thanked staff.

Co-Chair Kelly MOVED to REPORT CSSB 74(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered. CSSB 74(FIN) was REPORTED out of committee with individual recommendations and with 1 new fiscal impact note from the Department of Administration; 1 new fiscal impact note from the Department of Commerce, Community and Economic Development; 1 new fiscal impact note from the Department of Law; and 13 new fiscal impact notes from the Department of Health and Social Services.

Co-Chair MacKinnon thanked staff // She // She hoped

[10:30:49 AM](#)

Senator Bishop briefly //

[10:31:29 AM](#)

AT EASE

[10:31:41 AM](#)

RECONVENED

Co-Chair MacKinnon discussed the schedule.

Co-Chair MacKinnon handed the gavel to Co-Chair Kelly.

[10:32:49 AM](#)

RECESSED

[3:49:42 PM](#)

RECONVENED

#sb139

#sb140

SENATE BILL NO. 139

"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."

SENATE BILL NO. 140

"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."

[3:50:12 PM](#)

^PUBLIC TESTIMONY: JUNEAU

[3:50:51 PM](#)

FOREST WAGNER, ASSISTANT PROFESSOR OUTDOOR STUDIES, UNIVERSITY OF ALASKA SOUTHEAST (UAS), JUNEAU, spoke in support of funding University programs. He shared that he was born and raised in Fairbanks, and was an alumni of University of Alaska. He shared that he had taught at UAS for ten years. He stressed that the University system was important to him.

[3:53:14 PM](#)

JAYNE ANDREEN, PRESIDENT, ALASKA PUBLIC HEALTH ASSOCIATION (ALPHA), JUNEAU, spoke in support of programs that encouraged healthy communities, specifically public health nursing and other public health centers. She stressed that the citizens of the state need to have access to public health. She stressed that the elimination of funding for Public Health nurses would affect the public health centers.

[3:55:51 PM](#)

MARK MILLER, SUPERINTENDENT, JUNEAU SCHOOL DISTRICT, JUNEAU, testified in support of funding for cultural education paraprofessionals. He offered a coin toss analogy as related to Alaska Native male students. He stressed that the graduation rate in Alaska was increasing, but needed to continue to increase with the help of education paraprofessionals.

[3:57:49 PM](#)

AT EASE

[3:58:41 PM](#)

RECONVENED

[3:58:44 PM](#)

JOHN CLOUGH, PRESIDENT, ALASKA PUBLIC BROADCASTING, JUNEAU, spoke in support of funding for public broadcasting. He shared that his organization provided cost saving support to public broadcasting across the state. He shared that Alaska was diverse, and throughout the state's history there had always been an intention to bring the communities together. He shared that public radio depended on state, federal, and public funding. He shared that much of the federal funding for public radio was dependent on the amount of state funding available to the radio. He felt

that the funding for public broadcasting should be, at least, reinstated to the governor's proposed budget. He also spoke in support of developing new sources of revenue for the state.

4:01:32 PM

MICHELLE WEAVER, SELF, JUNEAU, spoke in support of the Parents as Teachers program. and early childhood education programs. She shared that the Parents as Teachers program had provided tools for her family. She stressed the importance of early childhood programs. She shared that each year the child and parent were given new appropriate tools to fully understand the fundamental developmental phases.

4:04:09 PM

IAN NIECKO, CASE MANAGER, JUNEAU ALLIANCE FOR MENTAL HEALTH, JUNEAU, spoke in support of behavioral health programs. He felt that mental health problems did not discriminate: they affect all classes, races, ages, genders, and religions. He shared that the World Health Organization identified mental illness as the most disabling health condition in the world, above heart disease and cancer. He stressed that behavioral health programs saved time and money. He remarked that the programs were associated with higher productivity in the workplace and reduced absenteeism.

4:06:32 PM

GUS MARX, GRANT WRITER, JUNEAU YOUTH SERVICES, JUNEAU, spoke in support of behavioral health programs. He stressed that behavioral grants would continue to provide treatment for teenagers and children facing severe emotional issues.

4:07:40 PM

MARY HAKALA, SELF, JUNEAU, testified in support of public education. She urged the committee to adopt the governor's funding level for K-12 education. She stressed that early childhood education would result in a successful future. She also urged support of funding for distance learning. She testified in support of funding for the University. She spoke in support of an education head tax and a statewide income tax.

4:10:10 PM

RACHEL GEARHART, NATIONAL ASSOCIATION OF SOCIAL WORKERS, ALASKA CHAPTER, JUNEAU, testified in support of programs for mental health programs. She spoke in support of behavioral health programs. She stressed that Medicaid did not cover all individuals, and shared that her organization was required to provide service to everyone.

4:12:07 PM

CALLIE CONERTON, VICE CHAIR, COALITION OF STUDENT LEADERS, UAS, testified in support of funding for the University. She stressed that the university provided community support and events. She also declared the UA support strong economies for the communities across the state. She shared that she was currently seeking a degree in elementary education, and hoped that the funding would continue, so she could remain in Alaska after graduation.

4:14:03 PM

GEORGE REIFENSTEIN, SELF, JUNEAU, urged the committee to restore funding for public broadcasting. He shared that he had worked in various capacities including the fire department and boy scouts. He remarked that many larger radio stations provided support for smaller stations, and reached over 95 percent of Alaska's population. He felt the savings and new revenue sources should be utilized to pay for the budget.

4:16:07 PM

AMY LUJAN, EXECUTIVE DIRECTOR, ALASKA ASSOCIATION OF SCHOOL BOARD OFFICIALS, JUNEAU, testified in support of broadband. She also spoke in support of funding for education programs. She stressed that many of the state funding for education programs provided leverage for federal funding. She advocated for a state financial plan; specifically spending cuts, new sources of revenue, and use of savings.

4:18:09 PM

SASHA SOBOLEFF, GRAND PRESIDENT, ALASKA NATIVE BROTHERHOOD, JUNEAU, testified in support of funding for K-12 education programs, and other education programs. He felt that the

cuts to education marginalized the children. He stressed that learning should provide challenges through a cultural lens. He felt that the dropout rate for native Alaskans should be addressed, like the Alaska's Learning Network. He stressed that the Alaska's Learning Network provided a skillset.

[4:21:27 PM](#)

FRANK COENRAAD, DIRECTOR, ALASKA'S LEARNING NETWORK, JUNEAU, spoke in support of funding the Alaska's Learning Network. He stated that there had been significant increases in enrollment. He echoed the remarks of Mr. Soboleff. He stressed that the Alaska's Learning Network provided support that resulted in an increased graduation rate.

[4:23:33 PM](#)

BOB BARTHOLOMEW, FINANCE DIRECTOR, CITY AND BOROUGH OF JUNEAU, JUNEAU, shared that the City and Borough of Juneau had developed significant budget cuts, and shared that he understood the current fiscal situation. He encouraged the committee to share the budget cuts in advance. He testified against a potential increase to the communities' contribution to the unfunded liability. He stressed that the unfunded liability was based on the annual contribution. He stressed that the impacts of the FY 14 contribution had not yet been evaluated, so increasing the contribution would be premature.

[4:26:02 PM](#)

AT EASE

[4:26:34 PM](#)

RECONVENED

[4:26:56 PM](#)

GORDON KRUSE, DIRECTOR, FISHERIES DIVISION, UNIVERSITY OF ALASKA FAIRBANKS (UAF), JUNEAU, testified in support of funding for the University. He shared that the Fisheries program was ranked one of the highest in the country. He stressed that UAF trained 65 percent of the fishery related professions in the state. He stressed that the state was facing a sharp decline in the state. He shared that UAF provided outstanding service to the outside of Alaska. He

personally supported a modest income tax, revision to the oil tax credit structure, and use of the permanent fund.

[4:29:54 PM](#)

KATHI COLLUM, BOARD CHAIR, JUNEAU YOUTH SERVICES, JUNEAU, spoke in support of behavioral health programs, specifically Juneau Youth Services. She shared that the grants served many communities across the state. She stressed that the behavioral health grant funding had been reduced for the third year in a row. She understood that many budget cuts needed to occur, but encouraged the committee to make thoughtful reductions. She spoke in support of the governor's proposed budget for spoke in support of behavioral health programs.

[4:31:48 PM](#)

ALEX MCGUAN, SELF, JUNEAU, testified in support of early childhood education programs. She shared a personal story about her experience educating a developmentally difficult student, who she was able to education and intervene at an early age.

[4:34:02 PM](#)

MELINDA MESSMER, HOME VISITOR, PARENTS AS TEACHERS, JUNEAU, spoke in support of reinstating funds early childhood education programs.

[4:34:42 PM](#)

JADA KAHL, EARLY EDUCATION, LEND, JUNEAU SCHOOL DISTRICT, JUNEAU, spoke in support of funding for early childhood development programs. She stressed the importance of the current programs within the communities.

[4:36:27 PM](#)

TALEA KELLAR, HOME VISITOR, PARENTS AS TEACHERS, JUNEAU, spoke in support of funding for early childhood development programs. She stressed that the proposed cuts were directed at Alaska's most vulnerable citizens. She stressed that the programs helped to eliminate the negative issues with the students. She hoped that the state would continue to invest in Alaska's future.

Co-Chair Kelly shared that the meeting was broadcast in the Tom Stewart building.

[4:38:59 PM](#)

KELSEY VENECHUK, SELF, JUNEAU, spoke in support of early childhood education programs. She urged support of Parents as Teachers. She felt that the program provided essential support as a parent. She shared that her son had been given valuable information and education as a result of the Parents as Teachers program.

[4:41:01 PM](#)

AMBER FROMMHERE, SELF, JUNEAU, spoke in support of funding for early childhood education, specifically Tlingit and Haida Head Start. She shared that the Tlingit and Haida Head Start served up to 262 children and their families throughout Southeast Alaska. She shared that many of the children also received services through the community schools by way of infant learning programs and special education. She furthered that early childhood education also encouraged family involvement.

[4:42:26 PM](#)

TINA PEYERK, SELF, JUNEAU, spoke in support of early childhood literacy and education programs, specifically the Parents as Teachers program. She shared that she and her son benefited from a home visitor, who observed and discussed his development. She remarked that, because of the program, it was discovered that her son had some hearing and vision issues that were able to be treated early.

[4:44:14 PM](#)

CYNTHIA KATZEEK, SELF, JUNEAU, testified in support of funding for Parents as Teachers. She shared that she was assisting in raising her own children and nieces and nephews. She shared some critical information about how to interact with her infant. She also spoke in support of the Imagination Library. She shared that her home visitor helped her move into her new home, and provided referrals.

[4:47:14 PM](#)

BRENDA TAYLOR, SELF, JUNEAU, spoke in support of education funding. She shared that her son had visited the legislature at a very young age. She shared that her son was currently in Greenland representing the Alaska Winter Games. She stressed that she was supportive of other programs, but remarked that education was visible in the schools. She announced that the library in her son's school was not open during lunch time. She encouraged the committee to create an income tax and utilize the permanent fund.

[4:49:58 PM](#)

ANDREA DEWEES, ASSISTANT PROFESSOR OF SPANISH, UA, JUNEAU, spoke in support of funding submitted by the UA Board of Regents. She stressed that the small campus on UAS saw significant cuts. She shared that many students at UAS were the first in their families to attend college. She remarked that education was essential to the state's intellectual diversity.

[4:51:33 PM](#)

BETH WELDON, SELF, JUNEAU, testified in support of funding for education. She felt that the career and technical programs were essential to her business, so she could hire skilled and trained workers. She specifically spoke in support of the \$50 increase to the Base Student Allocation (BSA).

[4:53:02 PM](#)

KIRK DUNCAN, CHAIR, COAST ALASKA, JUNEAU, urged the committee to restore funding for public broadcasting. He shared that public broadcasting provided essential services. He urged the committee to reinstate the governor's proposed budget for public broadcasting. He also spoke in support of a state income tax.

[4:54:55 PM](#)

RICK IANNOLINO, SELF, JUNEAU, spoke in support of behavioral health programs. He shared that he had served vulnerable adults and children for many years. He remarked that Medicaid did not cover all of the residents of Alaska, but stressed that his program could not turn people away. He shared that decreasing funding for mental health

programs would not decrease the number of people with mental health problems. He remarked that reducing the grants would be costly to the entire mental health system.

[4:56:50 PM](#)

NICK CROWE, JUNEAU YOUTH SERVICES, JUNEAU, spoke in support of behavioral health programs. He specifically spoke to support of funding for mental health and substance abuse programs. He shared that he was currently a member of the transitional housing programs, to ensure that individuals did not end up on the street. He stressed that there should be a consideration of the individuals who were at risk of various negative influences.

[4:58:51 PM](#)

RICK SVOBODNY, SELF, JUNEAU, advocated support of funding for a portion of the public integrity unit. He stressed the importance of public integrity for law enforcement. He shared that there needs to be funding to prosecute for "white collar crimes." He recollected a case that he prosecuted for price fixing.

[5:02:05 PM](#)

KATHIE WASSERMAN, ALASKA MUNICIPAL LEAGUE, JUNEAU, testified in support of the governor's proposed \$35 million deposit in the revenue sharing fund. She remarked that there had already been some cost shifting in school bond debt, jails, policing, capital budget and Public Employees' Retirement System (PERS) costs. She was concerned about smaller municipalities and their ability to provide needed services.

[5:04:00 PM](#)

CLAY WALKER, DENALI BOROUGH MAYOR, VICE-PRESIDENT, ALASKA MUNICIPAL LEAGUE (AML), JUNEAU, related that the AML body passed three resolutions. He shared that the top priorities for AML were the sustainable budget plan, supportive community revenue sharing, and maintaining the PERS rate. He spoke to the community revenue sharing program, which he described as vital to the functional existence of municipalities. He thought it would be devastating if the funds were to go to zero in two years as proposed.

5:06:40 PM

MIKE MANN, SELF, JUNEAU, testified in support of funding the Alaska Marine Highway. He also spoke in support of K-12 and University funding. He shared that his children had grown up in the Alaska education system. He shared his extensive experience as a fisherman in the state.

5:11:10 PM

ANNE FULLER, SELF, JUNEAU, testified in support of Pre-K funding, Mt. Edgecumbe, and research and study at the University. She spoke in support of the \$50 increase to the BSA. She shared that she remembered paying a state school tax.

5:12:33 PM

AARON BRAKEL, SELF, JUNEAU, spoke in support of behavioral health programs. He also spoke in support of all education programs. He shared that he had attended school across the street from the Capitol. He acknowledged that his son was in attendance in the audience, and that his son was the first child born in the millennium in Alaska. He shared that he son was a freshman in high school, and had enrolled in some courses at the University. He urged support of the University Board of Regents budget recommendations. He aslo spoke in support of a state income tax and a cap to the permanent fund dividend.

5:15:52 PM

AMY JO MEINERS, 2016 ALASKA TEACHER OF THE YEAR, JUNEAU, testified in support of funding for education. She encouraged the committee to stabilize multiple funding sources. She felt that the initial oil money revenue was able to supplant the need for taxes, so quality education and other services could maintain funding. She expressed willingness to pay to support a quality public education.

5:18:12 PM

DAVE NEWTON, SELF, JUNEAU, voiced support of basic funding for education. He specifically spoke in support of Parents as Teachers, Imagination Library, and other early childhood education program. He remarked that he had seen changes in academic levels and the children who had struggled because

of the lack of early childhood education. He shared that he had worked many years in the school system, and noted that he had personally seen the negative impact related to the lack of proper early education.

[5:20:52 PM](#)

LISA EAGAN LAGERQUIST, SELF, DOUGLAS, voiced support of K-12 education funding. She stressed that her children's school had a positive impact. She shared that she was a volunteer in her son's class, and had recently participated in class related to learning about money. She was able to realize the difficulties that many teachers face. She shared that her son had seen positive strides in his education, because of the reading specialists in his schools.

[5:23:31 PM](#)

JOSH KEATON, SELF, JUNEAU, testified in support of fully funding education. He urged support of funding for Pre-K funding. He shared that his son's preschool teacher had testified in support of education funding, and remarked that his son had seen the benefits of public education Alaska.

[5:25:29 PM](#)

FRANK RUE, SELF, JUNEAU, testified in support of the budget that utilized permanent fund earnings; budget savings; a state income tax; and an increase in tax to various activities like gas and tobacco. He felt that the budget options for schools and resource management would be severe. He restated that there should be a comprehensive approach to the budget issues.

[5:27:41 PM](#)

SALLY RUE, SELF, JUNEAU, spoke in support of education funding. She shared that she had volunteered as an active parent for many years in education. She shared that the budget for education paid dividends at a later time in the state. She supported the use of the permanent fund for essential state services. She remarked that the permanent fund was intended for future state services. She understood that the state needed a state income tax and other types of taxes.

5:31:26 PM

DENISE DONIELLO, ALASKA COMMISSION ON AGING, JUNEAU, urged support of funding for senior services. She urged funding for the Alaska Senior Benefits program, which provided a critical safety net for people aged 65 years and older who lived on a fixed income. She remarked that those individuals depended on the program for access food, housing, and heat. She shared that the reduction would impact an estimated 5,438 seniors. She also spoke in against the reduction in funding for senior community based grants. The grant funded served the largest number of seniors at the lowest cost: home-delivered meals, congregate meals, transportation, adult day services, and respite for family care givers. She stressed that the services could prevent the need for higher cost care. She also spoke in support of funding for the adult Medicaid dental program, which assisted many low income seniors who were living dental pain and decaying teeth. She stressed that Medicaid did not pay for the cost of dentures and most forms of dental care. Those without dental coverage, could turn to the hospital emergency department at a significantly higher cost. She shared that older people with poor oral health were at a higher risk of chronic health conditions and cardio vascular disease. She shared that the program served 4,026 seniors in 2015.

Co-Chair MacKinnon wondered if there were 548 seniors in the senior benefit program. Ms. Doniello replied that the number was 5,438.

Co-Chair MacKinnon wondered if the numbers for the program were only for the higher level, or was the number related to the total program. Ms. Doniello responded that the reduction affected the category of people with the highest income who received the lowest amount of assistance.

5:33:51 PM

MARCELO QUINTO, SELF, JUNEAU, spoke in support of the governor's proposed budget for the Alaska Marine Highway. He felt that the committee's proposal to cut \$8 million and scrapping a vessel was too extreme. He felt that the reduction was at too high a cost to families, and cost jobs in the private sector. He also testified in support of mental health programs. He urged the committee to add

\$100,000 in the Suicide Prevention Council. He also testified in support of funding for public broadcasting. He spoke in support of continued investment in Alaska's communities. He shared that he was a 75-year resident of Alaska. He stressed that the native people in the rural areas of the state felt the budget cuts.

[5:37:12 PM](#)

SHAYNA ROHWER, SELF, JUNEAU, spoke in support of funding for early childhood education. testified in support of Parents as Teachers. She shared that she had worked as a doula with many high risk low income families. She shared that she almost always referred her clients to the Parents as Teachers program. She shared that the program was a source of information and also provided social support. She also urged support of a state income tax and use of the permanent fund.

[5:39:26 PM](#)

TOM BRICE, SELF, JUNEAU, testified in support of funding for public workers to keep transportation and facilities as safe as possible. He also spoke in support of funding for broad fiscal plans.

[5:40:38 PM](#)

EMILY THOMPSON, PARENTS AS TEACHERS, SELF, spoke in support of funding for Parents as Teachers. She shared that she wanted to stay in Alaska, but was worried about the drastic budget cuts.

[5:41:51 PM](#)

JUNE ROGERS, SELF, JUNEAU, spoke in support of any taxes that may be necessary to fund the budget. She also spoke in support of early childhood education. She remarked that there were some issues in Fairbanks that may not have occurred, if money would have been spent on preventative measures. She shared that she and her family were longtime residents of Alaska. She felt that Alaskans should share the privilege of participating in new ideas. She shared that she had worked in the community to produce a positive outcome.

[5:44:13 PM](#)

LILLIAN WORL, SELF, JUNEAU, spoke in support of the \$50 adjustment to the BSA. She read from a prepared testimony (copy on file). She shared that he children had felt the cuts to education in the most recent five years' operating budgets. The Juneau School District had a decrease in the operating budget by nearly 17 percent, and eliminated nearly 100 jobs or positions. The remaining staff had worked hard to continue to provide the best teaching, learning, and support possible to all students. She stressed that there were limited available classes to the students as a result of the budget cuts.

[5:47:05 PM](#)

MARA EARLY, SELF, JUNEAU, testified in support for education, specifically the \$50 increase to the BSA. She shared that over 100 staff positions had been cut from the Juneau School District over the last five years. She stressed that the remaining workload had been put on the employees in order to keep student achievement as a priority.

[5:50:03 PM](#)

ANDI STORY, MEMBER, JUNEAU SCHOOL BOARD, JUNEAU, spoke in support of education funding. She shared that the education funding would be reflected in the quality of the workforce. She spoke in support of the scheduled \$50 adjustment to the BSA. She testified in support of a comprehensive budget plan.

[5:52:27 PM](#)

KELLY SORENSEN, SELF, JUNEAU, spoke in support of funding for Parents as Teachers. She shared a personal story about her toddler son, and remarked that she was able to call her mentor in the Parents as Teachers program. She stressed that her mentor was often available to help. She shared that her mentor noticed that her son's vocabulary was not developing normally. As a result of that observation, her son was diagnosed with an ear infection.

[5:54:43 PM](#)

KATEY BLAGDEN, SELF, JUNEAU, spoke in support of early childhood education programs like Parents as Teachers,

Imagination Library, and Online with Libraries. She stressed that investing in early childhood education was important for the future of Alaska.

[5:55:33 PM](#)

NOAH WILLIAMS, SELF, JUNEAU, spoke in support of funding for the University. He stressed that the proposed budget strategy was not sustainable to the state. He stressed that denying Alaskans education would result in detrimental effects in the future. He understood the need to conserve resources, but felt that the drastic cuts would only degrade the economic situation further.

SB 139 was HEARD and HELD in committee for further consideration.

SB 140 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[5:57:39 PM](#)

The meeting was adjourned at 5:57 p.m.