

SENATE FINANCE COMMITTEE

March 9, 2016

9:06 a.m.

9:06:02 AM

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:06 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

Debi Baldwin, Self, Juneau; Jennifer Johnston, Alaska Municipal League, Anchorage.

PRESENT VIA TELECONFERENCE

Michael Chambers, United for Liberty, Anchorage; Deborah Holland, Self, Anchorage; Arianna Filippenko, Student, University of Alaska Anchorage (UAA), Anchorage; Teresa Holt, Long Time Care Ombudsman, Anchorage; Panu Lucier, Self, Anchorage; Becca Bernard, Self, Anchorage; Donna Galbreath, Medical Director, South Central Foundation (SCF), Anchorage; Angelo Romano, Thread, Anchorage; Kristen Ramstad, Self, Anchorage; John Jackson, KNBA Public Radio, Anchorage; Andy Holleman, President, Anchorage Education Association, Anchorage; Dave Hansen, Self, Anchorage; Denise Knapp, Self, Anchorage; Douglas Finney, Director, Eastern Aleutian Tribes, Anchorage; Stacey Lucason, Self, Anchorage; Drew Hansen, Self, Anchorage; Mike Bronson, Volunteer, National Association for the Advancement of Colored People (NAACP), Anchorage; Maria Victoria Cortina,

Thread, Anchorage; Susan Parkes, Self, Anchorage; Deena Mitchell, Self, Anchorage; Cindy Knall, Self, Anchorage; Jessica Cler, Alaska Public Affairs Manager, Planned Parenthood, Anchorage; Laura Bonner, Self, Anchorage; Stephanie Berglund, CEO, Thread, Anchorage; Layton Lockett, City Manager, City of Adak, Anchorage; Dirk Shumaker, Executive Director, Kids Corps Inc., Anchorage; Jeffrey Brown, Self, Anchorage; David Boyle, Self, Anchorage; Robin Smith, Self, Anchorage; Joe Hackenmueller, Self, Anchorage; Hope Finkelstein, Self, Anchorage; Tom Lakosh, Self, Anchorage; Bobby Wells, Self, Noorvik; Roberta Murphy, City Administrator, Noorvik; Mark Kansteiner, Self, Seward; Rosie Sutphin, Self, Seward; Jacqueline Mace, Independent Living Center, Seward; Rick Oatman, Kenny Lake School, Copper School District, Kenny Lake; Mark Somerville, Copper River School District, Board of Education, Kenny Lake; Detricia Hahn, Self, Anchor Point; Bryan Zak, Self, Homer; Donna Aderholt, Council Member, City of Homer; Jill Burnham, Kenai Peninsula College, Homer; Catriona Reynolds, Council Member, City of Homer; Mercedes Harness, Coordinator, Friends of the Homer Library, Homer; Richard Harness, Self, Tutka Bay; Ken Landfield, Self, Homer; Mike McCarthy, Self, Homer; David Anderson, Self, Anchor Point; Helyn Schoepke, City Clerk, Kachemak; Jill Lush, Executive Director, Sprout Family Services, Homer; Lisa Asselin, Homer Early Childhood Coalition, Homer; Willard Dunham, Self, Seward; Martin Moore, City Manager, City of Emmonak; Ernestine Andrews, City Council Member, City of Emmonak; Karen Shemet, Self, Homer; Andy Haas, Friends of the Homer Public Library, Homer; Nicole Arevalo, Self, Homer; Shaun Strely, Principal, Glenallen School, Glenallen; Doug Toelle, Access Alaska, Fairbanks; Doug Brinkerhoff, Self, Fairbanks; Jenna Zechmann, Self, Fairbanks; Matthew Good, Ralph Perdue Treatment Center, Fairbanks; Karl Kassel, Fairbanks North Star Borough, Fairbanks; Karen Gaborick, Fairbanks North Star Borough School District; Jeff Benowitz, UAF, Fairbanks; Cheryl Keepers, Self, Fairbanks; David Pruhs, City of Fairbanks, Fairbanks; Richana Mahle, Women and Children Center for Inner Healing, Fairbanks; Louis Martin, Women and Children Center for Inner Healing, Fairbanks; Jessica Hedge, Women and Children Center for Inner Healing; Ameer McHatten, Fairbanks Native Association, Fairbanks; Jeffery Rothman, Self, UAF; Kyle Dilliaine, UAF; Mike Musick, Self, Fairbanks; John Burns, Self, Fairbanks; Jeanette Grasto, NAMI, Fairbanks; Jomo Stewart, Fairbanks Economic Development Corporation (FEDC), Fairbanks; Robin Minard, Mat-Su Health Foundation, Wasilla;

Leslie Davis, Hope Community Resources, Wasilla; Pam Goode, Self, Rural Deltana; Bill Lambert, Self, North Pole; Tim Sands, Self, Dillingham; Kay Andrews, Chairperson, South West Region School District, Dillingham; David Piazza, Superintendent, South West Region School District, Dillingham; Jon Corbett, Self, Dillingham; Blinn Dull, Manager, Community Health Services, Bristol Bay Area Health Corp., Dillingham; Jake Jacobsen, Self, Kodiak; Katherine Hollis-Buchanan, Self, Kodiak; Sonia Clary, Hope Community Resources, Kodiak; Nick Szabo, Self, Kodiak; Debbie Cary, Self, Ninilchik; Michelle Hartline, Self, Nikiski; Tony Gorman, General Manager, KDLL, Kenai; George Pierce, Self, Kenai; Corrie Davis, Hope Community Resources, Kodiak; Bernie Graham, Hope Community Resources, Kodiak; Brett Mayhew, Hope Community Resources, Kodiak; Carolyn Smith, Self, Dillingham; Sean Dusek, Superintendent, Kenai Peninsula Borough School District, Kenai Peninsula; Christine Hutchison, Self, Kenai Peninsula; Fred Sturman, Self, Kenai; Carroll Knutson, Self, Soldotna; Laurene Madsen, Self, Kodiak; Carla Kimmel, Children's Program Coordinator, Hope Community Resources, Kodiak; Elenor Ramos, Self, Kodiak; Rachel Bobbitt, Bristol Bay Area Health Corporation, Dillingham; Rick Koch, City Manager, City of Kenai, Kenai; Mary Toutonghi, Self, Soldotna; Arnold Oskolkoff, Self, Kenai; Jack Roberts, Vice President, Student Union, Kenai River Campus (KPC), Kenai; Cheryl Tuttle, KPC, Kenai; Dave Brighton, President, Kenai Peninsula Education Association, Kenai; Marion Nelson, Self, Kenai; Bill Larned, Board Member, KDLL, Kenai; John Molina, Director of Health Systems, Denaina Wellness Center, Kenai; LaDawn Druce, Educator, Kenai Peninsula; Amy Seitz, Executive Director, Alaska Farm Bureau, Kenai Peninsula; Brother Tom Patmor, Self, Clam Gulch; Jesse Bjorkman, Self, Kenai.

SUMMARY

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:

ANCHORAGE

GLENNALLEN, SEWARD, HOMER

FAIRBANKS, MAT-SU

KENAI, KODIAK, DILLINGHAM

#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."

[9:06:16 AM](#)

^PUBLIC TESTIMONY: ANCHORAGE

[9:06:56 AM](#)

MICHAEL CHAMBERS, UNITED FOR LIBERTY, ANCHORAGE (via teleconference), testified in support of the recommendation from United for Liberty. He stated that the recommendation was a \$4.5 billion budget. He announced that the plan had \$1.5 billion recommended cuts to the budget. He shared that the state had spent \$73 million on the aerospace industry, and \$3.5 million of those funding went to 28 personnel. He asserted that the Department of Transportation and Public Facilities (DOT/PF) was managing the police and fire at the airports. He felt that the assignment should move to Department of Public Safety (DPS). He felt that the Alaska Marine Highway System cost as much as the entire DOT/PF throughout the entire state. He remarked that the Medicaid program had 400 unresolved systemic errors, which was one reason why it was uncertified.

[9:10:08 AM](#)

DEBI BALDWIN, SELF, JUNEAU, testified in support of early childhood education. She felt that investing in education at a young age, would reduce the financial outlay the state may incur by later remedial education, social services, adverse health outcomes, and social justice costs. She specifically spoke in support of Parents as Teachers, Pre-K programs, and Best Beginnings.

[9:11:34 AM](#)

DEBORAH HOLLAND, SELF, ANCHORAGE (via teleconference), expressed that there were not enough cuts to the budget. She asserted that the Senate was attempting undo some cuts, because \$288 million were found.

Co-Chair Kelly clarified that the House had made that realization, not the Senate.

Ms. Holland stressed that the money was for the people of Alaska, so it did not matter whether the changes were made in the House or Senate. She felt that the money should be put into the corpus of the Permanent Fund. She felt that the money should be saved, because there were not enough cuts already in the budget.

[9:12:32 AM](#)

ARIANNA FILIPPENKO, STUDENT, UNIVERSITY OF ALASKA ANCHORAGE (UAA), ANCHORAGE (via teleconference), testified in support of funding for the University. She shared that she was raised in a low income household, but was able to access advanced placement courses through the University at a young age. She remarked that she had participated in various programs that enhanced her confidence and ability to intellectually communicate.

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

[9:14:46 AM](#)

TERESA HOLT, LONG TIME CARE OMBUDSMAN, ANCHORAGE (via teleconference), urged support of funding for senior services. She shared that the number of seniors would quadruple in the near future. She specifically testified in

support of the senior grants program. She stressed that the cost of the loss of funding could be greater than the cost provided to keep people in their homes to avoid long-term care. She stressed that the grants provided meals, caregivers, and adult day services. She also spoke in support of funding the adult dental care program.

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

[9:17:33 AM](#)

PANU LUCIER, SELF, ANCHORAGE (via teleconference), testified in support of early childhood education. She stressed that early learning programs directly enhanced the achievement of students in kindergarten. She stressed that there was increased pressure in public schools. She remarked that currently 7,000 students a year would repeat a grade. She stressed that early learning investment would decrease the growing prison and criminal incarceration costs. She stressed that the funding for early learning provided leverage for federal match funds.

[9:20:40 AM](#)

BECCA BERNARD, SELF, ANCHORAGE (via teleconference), testified in support of a plan similar to the governor's budget proposal. She testified in support of using Permanent Fund earnings, and creating moderate taxes to cover the cost of services. She felt that drastic cuts would cause a significant negative impact to Alaska's economy. She also spoke in support of the scheduled \$50 increase to the base student allocation. She spoke in support of early childhood education programs. She felt that without the education investment, the state would suffer and the population would decrease. She stressed that Alaska currently had the lowest tax burden of any state. She felt that a fair tax would allow for a higher quality of life in the state.

[9:23:21 AM](#)

DONNA GALBREATH, MEDICAL DIRECTOR, SOUTH CENTRAL FOUNDATION (SCF), ANCHORAGE (via teleconference), spoke in support of behavioral health treatment and recovery grants. She advocated for investment in behavioral services with no reductions. She also spoke in support of continuing the adult Medicaid dental program. She stressed that SCF was an

Alaska-Native owned nonprofit health care organization that served 65,000 Alaska Native and American Indian people living Anchorage, Mat-Su, and 60 rural villages. She explained that SCF provided comprehensive health services to Alaska Native people, including primary care, behavioral health, and dental. She stated that SCF believed that whole person wellness to overall health. The adult Medicaid dental program provided limited dental care for low income seniors and people with disabilities.

[9:25:54 AM](#)

ANGELO ROMANO, THREAD, ANCHORAGE (via teleconference), testified in support of early childhood education and care. He also testified in favor of restoring funds for the Parents as Teachers program. He also spoke in support of reinstating funds for Best Beginnings.

[9:27:03 AM](#)

KRISTEN RAMSTAD, SELF, ANCHORAGE (via teleconference), testified in support of funding for Head Start. She felt that the program provided leverage for comprehensive early childhood education, especially in rural Alaska. She specifically testified in favor of restoring funds for the Parents as Teachers program. She also spoke in support of reinstating funds for Best Beginnings. She stressed that children were the state's greatest resource.

[9:28:28 AM](#)

JOHN JACKSON, KNBA PUBLIC RADIO, ANCHORAGE (via teleconference), urged the committee to restore funding for public broadcasting. He understood the difficult financial choices faced by the legislature. He remarked that the local public radio station in Anchorage provide emergency alerts, and was key to the safety and welfare of Alaska's largest city. He asserted that the loss of state funding would make it difficult to achieve the federal matching dollars. He remarked that the native broadcasting would be eliminated due to the loss of funds, which would make it more difficult for the Alaska native population to connect with the rest of the state. He stressed that the public radio allowed for native history education.

[9:31:09 AM](#)

ANDY HOLLEMAN, PRESIDENT, ANCHORAGE EDUCATION ASSOCIATION, ANCHORAGE (via teleconference), spoke in support of funding for education. He stressed that the children of Alaska were more at risk than any other state. He felt that funding for K-12 education would enhance the safety of young children. He felt that there should be less regulation and less oversight of education.

[9:32:16 AM](#)

DAVE HANSEN, SELF, ANCHORAGE (via teleconference), shared that three oil rigs were going to be shut down, and the result would have a significant negative affect on the state's economy. He remarked that the state was facing a crisis, and encouraged the committee to make smart decisions. He also felt that there should be new types of revenue sources. He remarked that many of the proposed cuts were to small programs. He urged the committee to reevaluate the oil and gas tax credit program. He shared that the Anchorage newspaper was involved in the same \$300 million shifting that was taking place in the House. He hoped that the situation would be clarified.

Co-Chair MacKinnon asserted that the information in the newspaper was probably misinformation. She shared that the Senate was working on its own budget proposal separate from the senate.

[9:35:53 AM](#)

DENISE KNAPP, SELF, ANCHORAGE (via teleconference), urged support of funding for senior services. She specifically spoke in support of the personal care assistance program. She stated that the proposed cut would affect nearly 450 seniors. She spoke against the cuts to senior benefits, such as meals and transportation. She also spoke in support of the Adult Medicaid Dental program. She also spoke in support of capping the Permanent Fund Dividend. She urged support of a state income tax and a state sales tax.

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

[9:38:25 AM](#)

DOUGLAS FINNEY, DIRECTOR, EASTERN ALEUTIAN TRIBES, ANCHORAGE (via teleconference), testified in support of the community health aide training and supervision grant. He

understood that there was a budget shortfall, but urged the committee to see the worth of the community health aide program within the tribal health system.

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

[9:41:25 AM](#)

STACEY LUCASON, SELF, ANCHORAGE (via teleconference), testified in support of funding for the University. She felt that the state must stop its dependence on the oil companies. She encouraged the committee to enhance an economy that was not dependent on oil revenue. She wanted to stay in Alaska and have a family in Alaska. She felt that the University provided skills to be a productive member of the community.

[9:43:42 AM](#)

DREW HANSEN, SELF, ANCHORAGE (via teleconference), spoke in support of Parents as Teachers. He also voiced support of funding for the Rural Alaska Community Action Program (Rural CAP). He spoke in support of other early childhood education programs. He felt that investing in early childhood allowed children the opportunity to be prepared for kindergarten. He stressed that the first five years of a child's life was extremely critical. He shared that positive parenting model programs enhanced the development of children by 35 percent. He asserted that the investing in early childhood programs leveraged federal and other funds. He felt that investing in children was investing in Alaska's future.

[9:45:58 AM](#)

MIKE BRONSON, VOLUNTEER, NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE (NAACP), ANCHORAGE (via teleconference), testified in support of funding K-12 education. He also asserted that there was a pervasive reading and math problem in the state. He remarked that the students in Alaska did not get the support or acknowledgment of the issue in the legislature. He echoed the comments regarding Best Beginnings, Parents as Teachers, and early childhood programs.

[9:48:16 AM](#)

MARIA VICTORIA CORTINA, THREAD, ANCHORAGE (via teleconference), spoke in support of early childhood care and education programs. She shared that a child's brain grew the fastest during the early years. She felt that improved school performance would occur through continued investment in Parents as Teachers, Best Beginnings, and other early childhood programs.

[9:49:24 AM](#)

SUSAN PARKES, SELF, ANCHORAGE (via teleconference), spoke in support of the public integrity unit in the Department of Labor and Workforce Development (DOL). She felt that public safety and criminal prosecution were necessary to government. She explained that white collar crimes may increase, and not be prosecuted as a result of the cut.

[9:52:31 AM](#)

DEENA MITCHELL, SELF, ANCHORAGE (via teleconference), testified in support of the creation of a sensible and balanced budget. She testified in support of using Permanent Fund earnings. She also urged the committee to utilize a state income tax. She also spoke in support of funding early childhood education and K-12 education.

[9:54:18 AM](#)

CINDY KNALL, SELF, ANCHORAGE (via teleconference), testified in support of funding for the University. She shared that her husband had observed many layoffs within the University. She stressed that a well-funded university was necessary for students seeking professional and career training, to be a part of the solution to the state's economic crisis.

[9:56:20 AM](#)

JESSICA CLER, ALASKA PUBLIC AFFAIRS MANAGER, PLANNED PARENTHOOD, ANCHORAGE (via teleconference), testified in support of funding for public health nursing. She stressed that public health nurses often provided the only access to basic health care services such as vaccinations, family planning, and prenatal care. She remarked that the public health services provided life changing services to people in need. She testified against the language related to "medically necessary abortions." She felt that the language

either violated the law and/or compromised the work of the Department of Health and Social Services (DHSS).

[9:58:44 AM](#)

LAURA BONNER, SELF, ANCHORAGE (via teleconference), spoke in support of funding early childhood education and K-12 education. She also testified in support of funding the Alaska Marine Highway. She also testified in support of funding for the University. She felt that there should be a 5 percent increase to the royalty tax. She also urged the committee to utilize a state income tax. She also testified in support of using Permanent Fund earnings. She also spoke in support of capping the Permanent Fund Dividend. She felt that the constitutional budget reserve (CBR) should be used only for emergencies. She felt that the oil and gas tax credit program should be eliminated.

[10:01:28 AM](#)

STEPHANIE BERGLUND, CEO, THREAD, ANCHORAGE (via teleconference), testified in support of early childhood education and care. She felt that resources must be restored to the minimum of the governor's proposed budget. She spoke in support of reinstating funds for Best Beginnings. She also testified in favor of restoring funds for the Parents as Teachers program. She spoke in support of full funding for Pre-K programs. She stressed that Pre-K promoted the success of families and children. She felt that the Parents as Teachers enhanced parent knowledge and promoted safe and healthy relationships between parents and children.

[10:03:58 AM](#)

LAYTON LOCKETT, CITY MANAGER, CITY OF ADAK, ANCHORAGE (via teleconference), testified in support of funding for revenue sharing. He stressed that the revenue sharing was considered payment in lieu of essential services provided by local communities on behalf of the state. He explained that Adak used the revenue sharing primarily to fund personnel and offset the cost of funding the school and clinic services.

[10:06:02 AM](#)

DIRK SHUMAKER, EXECUTIVE DIRECTOR, KIDS CORPS INC., ANCHORAGE (via teleconference), testified in favor of restoring funds for the Parents as Teachers program. He also spoke in support of reinstating funds for Best Beginnings. He also spoke in support of full funding for Pre-K programs. He remarked that children in public Pre-K programs showed significant educational advancements. He remarked that the programs reduced child abuse and neglect. He shared that the Imagination Library engaged families in reading. He stressed that the investment reduced the need for intervention in K-12 schools.

[10:08:16 AM](#)

JEFFREY BROWN, SELF, ANCHORAGE (via teleconference), encouraged an examination of how the spent money moved through state. He spoke in support of funding for Alaskans. He hoped that there would be a consideration about funding for the weakest members of society and education. He spoke specifically about the mega project financing. He stressed that the money for mega projects was spent outside of the state. He hoped that politics would not "cloud" the thinking in drafting the budget.

[10:10:23 AM](#)

DAVID BOYLE, SELF, ANCHORAGE (via teleconference), felt that the special interest groups should be ignored, and there should be a focus on the Alaska who did not have any representation. He spoke in support of the United for Liberty budget. He spoke against funding for school districts, and spoke in support of funding directly to schools. He asserted that Pre-K education did not have positive funds. He remarked that children who were not enrolled in Pre-K programs had a more positive outcome than the alternative.

[10:14:08 AM](#)

ROBIN SMITH, SELF, ANCHORAGE (via teleconference), shared that she had a small business that served the oil industry, and her company was already facing a negative impact. She urged the committee to utilize a state income tax. She spoke in support of cancelling the mega projects. She spoke in support of a tax on fishing and alcohol. He stressed that job loss was economic loss. She also spoke in support of capping the Permanent Fund Dividend. She stressed that

deeper cuts in the budget would result in job loss. She also testified in support of funding for the University. She also spoke in support of full funding for Pre-K programs. She specifically testified in favor of restoring funds for the Parents as Teachers program.

[10:16:47 AM](#)

JOE HACKENMUELLER, SELF, ANCHORAGE (via teleconference), felt that there must be additional revenue streams. He spoke in support of fully funding education programs. He testified in support of funding for the University. He also spoke in support of full funding for Pre-K programs. He shared that the impact of losing a single job would have a greater impact than the introduction of a sales or income tax. He spoke in support of capping the Permanent Fund Dividend. He also urged the committee to utilize a state income tax. He felt that there should be a reconsideration of the \$500 million in oil and gas tax credits. He urged support of the governor's proposed budget and revenue streams.

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

[10:19:17 AM](#)

HOPE FINKELSTEIN, SELF, ANCHORAGE (via teleconference), spoke in support of behavioral health programs. She felt that there was a tie between economic depression and personal depression. She shared that Alaska had one of the highest rates of suicide in the world. She stressed that suicide was the ultimate form of depression. She encouraged the use of reserve accounts and also testified in support of using Permanent Fund earnings. She also urged the committee to utilize a state income tax. She wanted to ensure that there was a safety net for all of Alaskans.

[10:22:01 AM](#)

TOM LAKOSH, SELF, ANCHORAGE (via teleconference), requested equitable revenue generation. He urged the committee to restore funding for public broadcasting. He spoke in support of behavioral health programs. He also urged support of funding for senior services. He also spoke in support of funding for education programs. He spoke in support of corporate income tax, personal income tax, seasonal sales tax, and fossil fuels tax. He shared that

there would be a portion of the burden taken away from the residents of the state, and rather put some of the burden on visitors. He felt that the expenditures for beneficiaries were directed at an Alaska tax ID holder, and spent through a debit card. He felt that the money could be recouped after it was effectively used in the economy. He shared that there had always been a desire in the state to diversify the state's economy. He spoke against a cap on the Permanent Fund Dividend.

Co-Chair MacKinnon welcomed students from Floyd Dryden Middle School.

[10:26:48 AM](#)

BOBBY WELLS, SELF, NOORVIK (via teleconference), shared that the City of Noorvik was struggling to develop its own budget. He testified in support of funding for revenue sharing. He felt that the cut to revenue sharing would affect the police department in Noorvik. He shared that the cut would limit Noorvik's ability to reach out to its people and provide safe water to the residents. He stressed that many rural communities depended on the revenue sharing fund. He also spoke in support of keeping the Public Employees' Retirement System (PERS) contribution at 23 percent.

[10:30:02 AM](#)

ROBERTA MURPHY, CITY ADMINISTRATOR, NOORVIK (via teleconference), testified in support of funding for revenue sharing. She stressed that the revenue sharing was more than half of Noorvik's operating budget. She shared that Noorvik faced a high cost of living. He announced that Noorvik lived off of sales tax and revenue sharing. She hoped that the city would develop other sources of revenue. She stressed that the Noorvik Police Department had also faced significant personnel cuts.

[10:32:42 AM](#)

RECESSED

[1:02:39 PM](#)

RECONVENED

^PUBLIC TESTIMONY: GLENNALLEN, SEWARD, HOMER

MARK KANSTEINER, SELF, SEWARD (via teleconference), supported initiation of an income tax, increased oil industry taxes, and using part of the permanent fund earnings. He also supported capping the permanent fund dividend and careful responsible budget cuts. He asked the committee to do the right thing. He thought legislators should accomplish the task of producing a fiscal plan without going in to special session. He referred to the 107 municipalities and 9 boroughs in the state in which to levy a sales tax. He relayed that his community had a 7 percent sales tax, and thought a state sales tax would unfairly impact the poor of the state. He thought an income tax would be fairer and would tax those that work but do not reside in the state. He supported increased taxation of oil companies and reduced tax credits. He listed individuals who had supported the same ideas including Governor Walker, Charles Wolforth, Gunnar Knapp, Joe Beadle, and Dermot Cole.

[1:06:07 PM](#)

Vice-Chair Micciche asked for Mr. Kansteiner's thoughts on the budget bill before the committee.

[1:06:28 PM](#)

ROSIE SUTPHIN, SELF, SEWARD (via teleconference), testified in opposition to cuts to senior services. She shared that she was 80 years old, a resident of Moose Pass, and a recipient of taxi vouchers. She detailed ways in which she utilized the support service for her personal needs. She discussed previous cuts to senior services. She discussed her personal experience with aging and utilizing senior services such as transportation vouchers.

[1:08:46 PM](#)

JACQUELENE MACE, INDEPENDENT LIVING CENTER, SEWARD (via teleconference), urged the committee to support funding for senior services. She asked the committee to imagine scenarios in which they had no transportation or resources. She discussed the Independent Living Center in Seward that provided taxi vouchers. She mentioned the TRAILS program (total recreation and independent living skills), and thought it was very important to the quality of life of many individuals experiencing disabilities.

[1:11:12 PM](#)

RICK OATMAN, KENNY LAKE SCHOOL, COPPER SCHOOL DISTRICT, KENNY LAKE (via teleconference), testified in support of funding for K-12 education. He thanked the committee for their hard work. He encouraged the committee to pass a sustainable financial plan for the state so schools could continue to prepare students for the future. He thanked the committee for early funding the Base Student Allocation (BSA), including the \$50 increase proposed by the governor. He supposed broadband assistance grants. He thought that deep cuts to the Department of Education and Early Development (DEED) or to the BSA would hurt the economy and make it difficult to provide engaging classroom instruction for students.

[1:12:54 PM](#)

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

MARK SOMERVILLE, COPPER RIVER SCHOOL DISTRICT, BOARD OF EDUCATION, KENNY LAKE (via teleconference), testified in support of K-12 education. He thanked the committee for their prior support of education; specifically fully funding the BSA, including the \$50 increase proposed in the governor's budget. He spoke in favor of full funding for broadband in schools, which rural schools depended upon. He thought that deep cuts to the Department of Education and Early Development (DEED) or to the BSA would hurt the economy and make it difficult to provide engaging classroom instruction for students. He emphasized that the Copper River School District was on the road system and not within a borough or established city, and was totally dependent upon state support. He encouraged the committee to make the necessary decisions for a sustainable fiscal plan.

[1:14:48 PM](#)

DETRICIA HAHN, SELF, ANCHOR POINT (via teleconference), urged the committee to restore funding for public broadcasting. She lived on the remote west side of Cook Inlet, and did not have access to cell phones or internet. She thought that there were many other areas in the state that experienced the same limited access to communications. She was dependent upon public radio, including receiving personal messages read across the radio called via the "bushlines" service [messages to a specific individual

within the broadcast area]. She discussed the dissemination of emergency information for tsunami warnings, earthquakes, and volcanic eruptions. She thought the public radio station was a source of unbiased news programs. She discussed radio programs she enjoyed.

[1:16:38 PM](#)

BRYAN ZAK, SELF, HOMER (via teleconference), testified in opposition to budget cuts that affected local jobs. He discussed the vibrant economy of Homer and discussed the low price of oil. He did not think making cuts was the way to solve the current budget issues. He discussed PERS and TRS, and thought that if the state did not fund the systems it would result in payments being made at the local level. He mentioned budget ideas by Senator Lesil McGuire, Governor Walker, and Senator Anna MacKinnon. He thought a viable budget solution would be a combined approach to include a school tax, and would include more than just cuts.

[1:18:56 PM](#)

DONNA ADERHOLT, COUNCIL MEMBER, CITY OF HOMER (via teleconference), She shared that Homer City Council had passed a resolution urging the legislature to take immediate and decisive action during the 2016 legislative session to enact a complete package of initiatives to provide for a balanced, sustainable, and predictable state budget for the foreseeable future. She asked the committee to recognize that the decisions they were making would have financial implications for municipalities. She expressed that communities such as Homer relied on stability and sustainability from the state to make decisions on budgets and revenue sources. She discussed the municipal PERS contribution rate, and thought that the municipal rate should remain at 22 percent. She understood that PERS was a burden for the state, and noted that it was currently 5.5 percent of Homer's annual budget. She thought that an increase in the city's PERS contribution rate could result in critical losses in city services. She thanked the committee for its work on the operating budget. She appreciated the committee's focus and dedication.

[1:21:17 PM](#)

JILL BURNHAM, KENAI PENINSULA COLLEGE, HOMER (via teleconference), testified in support of funding for the University. She shared her personal story of recently relocating to the Kenai area and her attendance at Kenai Peninsula College (KPC). She discussed her extensive background in education, and was laudatory about the education and student services at KPC. She wanted her children to have the opportunity to attend KPC, and did not want to have to relocate in order to obtain residency for in-state tuition. She shared that she had worked in education in the city of Los Angeles and described the state of education deplorable.

[1:23:46 PM](#)

CATRIONA REYNOLDS, COUNCIL MEMBER, CITY OF HOMER (via teleconference), testified in support of funding community jails. She recounted that the City of Homer had experienced a 45 percent cut to the community jails program the previous year, which had resulted in the layoff of 4 employees. She thought community jails were an important partnership where the state and local law enforcement could share the responsibility of housing prisoners. She testified in support of funding for revenue sharing. She emphasized that small communities such as Homer needed a stable revenue sharing amount to create its own budget.

[1:24:46 PM](#)

MERCEDES HARNESS, COORDINATOR, FRIENDS OF THE HOMER LIBRARY, HOMER (via teleconference), testified in favor of restoring funds for the Parents as Teachers program and the Imagination Library. She spoke in support of full funding for Pre-K programs. She relayed her personal experience with early childhood programs, and discussed the relationship between reading and child school readiness. She discussed the importance of agency collaboration in small communities to maximize resources. She thought early childhood education led to better outcomes in life, and saved the state money in the long run. She testified in favor of the Online with Libraries program, and discussed federal matching funds. She discussed the 43 small rural libraries that would be unable to afford broadband internet access without OWL funding. She supported funding for state libraries.

[1:27:09 PM](#)

RICHARD HARNESS, SELF, TUTKA BAY (via teleconference), urged the committee to restore funding for public broadcasting. He lived in a rural area in Kachemak Bay and relied heavily on public radio for getting information on local weather, marine weather, natural disasters and other important events. He was concerned about cutting funding that would result in lost federal matching funds. He described public radio services and information as invaluable.

[1:29:12 PM](#)

KEN LANDFIELD, SELF, HOMER (via teleconference), testified in support of restored funding for public broadcasting. He thought it was important to find new revenue sources for the state, and was in favor of reinstating an income tax and reinstating a school tax. He thought there were cuts to be made, and suggested revisiting the oil tax credits. He recounted that public broadcasting had been subject to cuts for many years. He discussed efficiencies that had been implemented by his local radio stations. He suggested that it was a fallacy to say that radio could be replaced by cell phones and the internet. He thanked the committee for its time and efforts.

[1:31:40 PM](#)

MIKE MCCARTHY, SELF, HOMER (via teleconference), recounted his extensive experience in criminal justice, and congratulated the legislature on the passage of SB 23. He asked the committee to stay focused on the budget crisis facing the state. He commented on the legislators work efforts. He thought that there were some bills that were a waste of legislative time. He spoke in opposition to SB 89 and SB 199. He addressed SB 174, and did not support firearms or knives in a university classroom setting. He commented on a Medicaid expansion lawsuit.

[1:34:03 PM](#)

DAVID ANDERSON, SELF, ANCHOR POINT (via teleconference), urged the committee to restore funding for public broadcasting, higher education, and children's services. He had not heard discussion about generating new revenue, and supported a state income tax. He discussed non-resident workers. He supported capping the permanent fund dividend,

and reinstating a school tax. He asked the committee not to ignore the topic of revenue generation.

[1:35:35 PM](#)

HELYN SCHOEPKE, CITY CLERK, KACHEMAK (via teleconference), testified in support of funding for revenue sharing. She relayed that the City of Kachemak realized the state was in a difficult financial position. She continued that the city had not applied for a capital project request in the current year due to the budget issues facing the state. She outlined that Kachemak relied on revenue sharing to provide basic services such as road maintenance.

[1:36:26 PM](#)

JILL LUSH, EXECUTIVE DIRECTOR, SPROUT FAMILY SERVICES, HOMER (via teleconference), spoke in support of reinstating funds for Best Beginnings and Parents as Teachers. She explained that Sprout Family Services was a non-profit focused on promoting the healthy development of children and families that had 16 staff and served over 400 children. She quoted Nelson Mandela, and suggested that investing in children was a moral issue. She referenced research that showed support of early learning led to significant social return. She discussed funds leveraged by monies received from Best Beginnings.

[1:38:08 PM](#)

LISA ASSELIN, HOMER EARLY CHILDHOOD COALITION, HOMER (via teleconference), spoke in support of reinstating funds for Best Beginnings and the Parents as Teachers program. She discussed the Imagination Library program, and discussed the benefits of early literacy. She thought it was important to retain programs like Best Beginnings and Parents as Teachers during stressful financial times.

[1:39:30 PM](#)

WILLARD DUNHAM, SELF, SEWARD (via teleconference), supported an income tax and other additional revenue sources. He suggested that state programs that brought federal matching funds would be the last programs the legislature should cut. He supported an alcohol tax and a highway tax. He referenced a recent report from the Department of Labor and Workforce Development that showed

420,000 people employed in the state as of 2014, almost a quarter of which were non-residents. He was not in favor of a sales tax.

[1:42:17 PM](#)

MARTIN MOORE, CITY MANAGER, CITY OF EMMONAK (via teleconference), testified in support of funding for revenue sharing. He noted that Emmonak was a member of an unorganized borough, and had very limited local revenue income. He stated that proposed cuts to municipal revenue sharing would create a perpetual financial hardship on the unorganized village municipality.

[1:44:28 PM](#)

ERNESTINE ANDREWS, CITY COUNCIL MEMBER, CITY OF EMMONAK (via teleconference), testified in support of funding for revenue sharing. She shared that the city council was the heart of the community. She stated that the community was growing and they city had to keep up with increased demand with minimal funding. The proposed cuts to revenue sharing would affect how the city took care of the community.

[1:45:46 PM](#)

KAREN SHEMET, SELF, HOMER (via teleconference), spoke in support of full funding for Pre-K programs. She thought the state had major problems that could be addressed through early childhood education. She referred to research thought that Pre-K education provided a return on investment and benefitted society as a whole. She thought the state needed to pay more attention to its vulnerable population of young children. She had personal experience with early childhood programs, and discussed the benefits enjoyed by her family.

[1:47:03 PM](#)

ANDY HAAS, FRIENDS OF THE HOMER PUBLIC LIBRARY, HOMER (via teleconference), urged the committee to fund meth and heroine abuse education. He shared that he was a criminal defense lawyer, and discussed the economic cost of heroin and meth addiction. He recounted (anecdotally) that 75 percent of the criminal cases in his area were related to meth and heroine. He discussed a recent report by the Department of Corrections that discussed the economic cost of drug use and addiction. He thought education in schools

and libraries was the only way to mitigate the growing problems with addiction in the area. He urged the committee to continue financing drug abuse and addiction education.

[1:49:19 PM](#)

NICOLE AREVALO, SELF, HOMER (via teleconference), urged the committee to restore funding for public broadcasting. She stated that many people in rural Alaska relied on public radio, and it reached areas where other means of communication could not. She thought public radio was crafted with care and attention to the specific needs of the communities that the stations served. She thought public radio was a very small portion of the state budget, and emphasized the many functions of public radio, including emergency information. She discussed the possible loss of matching funds. She discussed radio stations operating on strict budgets with declining revenues. She urged the committee to fund public broadcasting. hy76

[1:51:41 PM](#)

JENNIFER JOHNSTON, ALASKA MUNICIPAL LEAGUE, ANCHORAGE, testified in support of funding for revenue sharing. She shared that she was on the Anchorage Assembly for 9 years, where she represented South Anchorage. She thought she had gained perspective on the relationship between the state and municipalities, and recalled when revenue sharing was reinstated. She discussed the unfunded liability of the pension funds, and the municipalities 22 percent responsibility for the cost. She understood that there was an interest in a change in statute to raise the amount by 1 percent or 2 percent. She had spent a great deal of time in Juneau in 2014 encouraging the legislature to pay down the unfunded liability, and was happy there was a decision to do so. She referred to the extension of the term of unfunded liability by 9 years, which she thought equated to \$2.5 billion in additional liability for the rest of the employers; equaling \$250 million for the City of Anchorage. She stated that if the 22 percent municipality share was raised, the City of Anchorage would incur an additional cost of \$3 million. She discussed additional liability that the city would be responsible, and was concerned that it would have a direct impact on the municipalities bonding. She emphasized that there would be a major effect on the finances of the city, and thought it would definitely impact its AAA credit rating.

[1:55:20 PM](#)

SHAUN STRELY, PRINCIPAL, GLENALLEN SCHOOL, GLENALLEN (via teleconference), testified in support of K-12 education. He thanked the committee for the opportunity to testify, and thanked the members for their hard work. He urged the committee to formulate a sustainable fiscal plan. He urged the committee to fully fund the Base Student Allocation (BSA), including the proposed \$50 increase. He supported restoring funds for school broadband assistance. He thought deep cuts to DEED or the BSA would hurt the economy and make it more difficult to provide engaging classroom instruction for students, particularly in rural areas.

[1:57:21 PM](#)

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[3:00:46 PM](#)

RECONVENED

^PUBLIC TESTIMONY: FAIRBANKS, MAT-SU

[3:01:01 PM](#)

DOUG TOELLE, ACCESS ALASKA, FAIRBANKS (via teleconference), urged support of funding for community-based grants and senior community grants. He spoke in opposition to the \$9 million reduction for personal care assistance programs (PCA Services). PCA Services helped Alaskans in danger of institutionalization to remain in their homes and community. He spoke of the programs being over-regulated. He asked committee members to support funding for personal care assistance for vulnerable Alaskan's. He thanked the committee for its time.

[3:03:55 PM](#)

DOUG BRINKERHOFF, SELF, FAIRBANKS (via teleconference), testified in support of prioritizing the University of Alaska's research. He relayed his personal experience as a UAF student. He spoke of the quality of the Fairbanks research program which attracted him to Alaska. He relayed that UAF was at the forefront of important research. He felted that a person had to spend money in order to make money. He encouraged legislators to help to maintain a strong research program at the university and potentially

yield short term economic benefits. He thanked the committee.

[3:06:12 PM](#)

JENNA ZECHMANN, SELF, FAIRBANKS (via teleconference), spoke in support of the research department at UAF. She was a geophysics student with a focus on the study of glaciers. She chose to attend UAF because of its world renowned research department. She wanted to extend her studies to obtain a PhD. She spoke to the fact that research money got multiplied because students taught classes, mentored undergraduates, and wrote grant proposals that pulled federal money into Alaska. Many students ended up staying in the local economy. She expressed her desire to stay in Alaska as well. In closing, she thanked the committee.

[3:07:59 PM](#)

MATTHEW GOOD, RALPH PERDUE TREATMENT CENTER, FAIRBANKS (via teleconference), spoke in favor of supporting institutions such as the one he was participating in. He provided his personal perspective on the effectiveness of the program in his life. He hoped that the committee would consider maintaining funding for crucial services for the treatment of drug and alcohol abuse. The cuts would have an effect on both clients and employees within the state. He stressed that the Ralph Perdue Treatment Center was a life-saving organization. He appreciated the committee's time.

[3:09:19 PM](#)

KARL KASSEL, FAIRBANKS NORTH STAR BOROUGH, FAIRBANKS (via teleconference), appreciated the magnitude of the fiscal problem. He mentioned understanding the need for a three-pronged approach to resolving the issue including cuts, using PF earnings, and generating new revenues. He cautioned against shifting state costs to municipalities. He was concerned about people within the borough being burdened with additional taxes. He believed people were already being taxed at a responsible level. He urged the committee to avoid defunding revenue sharing and the library system's broadband support. He thanked the members.

[3:11:33 PM](#)

KAREN GABORICK, FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT (via teleconference), thanked the committee for not changing the base student allocation requesting that it remain steady. She reported some of the cost reducing measures that the district had taken. She was also working with other school districts. She expressed concern with some of the cuts to Department of Education and Early Development, as certain support mechanisms could be affected. She thanked the committee.

[3:13:29 PM](#)

JEFF BENOWITZ, UAF, FAIRBANKS (via teleconference), explained that he was a researcher at UAF. He relayed a story about a field research project where he made a wrong call leaving his assistant in the field alone. In hindsight he felt he made a wrong call because of a black bear encounter. He asked the committee to do the right thing by funding the UAF budget at the levels proposed by the governor. Otherwise student opportunities would suffer. He thanks legislators for serving.

[3:15:03 PM](#)

CHERYL KEEPERS, SELF, FAIRBANKS (via teleconference), wanted to avoid going back to the economy of the 80's. She thought the raining day fund should be used and for Alaska's citizens to pay their own way through revenues such as a personal income tax as well as an increase in revenues from other taxation source. She expressed her concern about education at all levels. She believed education was key to a vibrant economy in Alaska. She was also concerned with Department of Health and Social Services and the folks who might need some help. She thanked the committee for its consideration.

[3:16:13 PM](#)

DAVID PRUHS, CITY OF FAIRBANKS, FAIRBANKS (via teleconference), supported a \$30 million appropriation for a pilot program through the Department of Health and Social Services to develop additional substance use disorder services for FY 16 through FY 19. By expanding the substance use disorder services the state had the opportunity to decrease costs resulting from untreated alcohol and drug dependency. Success would be measured by reduced utilization of emergency departments, public safety

resources, correctional facilities and lower incidents of child maltreatment. The City of Fairbanks was exploring doing work with Tanana Chief's Conference, Fairbanks Native Association, Fairbanks Memorial Hospital, and the Alaska Mental Health Trust Authority in constructing and operating an alcohol sleep-off center in Fairbanks. The funding would be a tool box source. He thanked the committee.

[3:17:56 PM](#)

Rebecca Good, Women and Children Center for Inner Healing, Fairbanks{relayed her experience living in Alaska for about 15 years. She spoke about her personal experience with drug addiction. She was eventually arrested and incarcerated due to her drug use. Her criminal activity brought her to treatment. She expressed her gratitude for access to a treatment center. She asked that the committee reconsider the proposed cuts to recovery treatment centers. She mentioned the proliferation of heroin and other drugs available on the street. She thanked committee members for their time.

RICHANA MAHLE, WOMEN AND CHILDREN CENTER FOR INNER HEALING, FAIRBANKS (via teleconference), spoke in favor of substance abuse prevention programs. She told of her own success with the treatment program. She mentioned a list of resources that had been available to her. She was grateful for access to the program. She mentioned that Alaska had a serious problem with addiction leading to more crime and disruption in communities. She suggested that cutting the behavioral health budget could have a downward spiraling effect leading to increasing the cost of welfare. She thanked the committee for the opportunity to testify.

[3:22:02 PM](#)

LOUIS MARTIN, WOMEN AND CHILDREN CENTER FOR INNER HEALING, FAIRBANKS (via teleconference), spoke in favor of substance abuse prevention programs. She relayed her personal experience with alcohol abuse and how she had been able to overcome many of the barriers of addiction because of access to treatment. She had been out of jail for over a year, at present, and had her children in back in her life. She asked the committee to reconsider the budget cuts for mental health. She thanked the committee.

[3:24:30 PM](#)

JESSICA HEDGE, WOMEN AND CHILDREN CENTER FOR INNER HEALING (via teleconference), spoke in favor of substance abuse prevention programs. She conveyed that she was a counselor at Women and Children Center and saw the benefits of the funding in her work every day. She elaborate that the funds provided significant help to others. She relayed some of the positive outcomes she has witnessed in her work and the importance of continued funding. She opined that by contributing to behavioral health programs the state would spend less money on the placement of children into foster care, police intervention, and long-term interaction with the legal system. She urged members to reconsider funding for substance abuse prevention programs.

[3:26:43 PM](#)

AMEE MCHATTEN, FAIRBANKS NATIVE ASSOCIATION, FAIRBANKS (via teleconference), spoke in support of behavioral health programs. She relayed her personal interaction with drug addiction. She had lost her children but reported success in recovery with the help of treatment programs. She asked the committee to make it possible for someone else to beat the odds and to keep the resources available. She thanked the committee.

[3:28:43 PM](#)

JEFFERY ROTHMAN, SELF, UAF (via teleconference), spoke in favor of supporting the UAF research center. He relayed that the state spent about \$20 million per year on providing research seed money which resulted in \$118 million of grant money to the state, which was roughly comparable to the economic impact of the F16 squadron at Eielson Air Force Base, a 500 percent return on the state's money. The original \$20 million in seed money was essential because it was illegal for researcher to use federal grant money to apply for new grants. Without seed money the \$118 million in grant dollars. There were 49 other states happy to take the grant monies. He furthered that \$40 million of the \$118 million directly supported students and infrastructure at the university. Items such as electricity, heating, and building maintenance were paid for with grant funding. The state would have to pick up the slack if the \$118 million went away. He suggested that there would be very little or no net savings. He asked for the restoration of \$20 million in research seed monies that

allowed the university to bring in grant funding. He appreciated the opportunity to testify.

[3:31:05 PM](#)

KYLE DILLIPLAINE, UAF (via teleconference), spoke in favor of supporting UAF's research program. He was a Master's candidate pursuing his graduate degree in Marine Biology. He was representing the Institute of Marine Science. Alaska provided a very unique place to study climate change and other anthropogenic impacts. He had done field work in Barrow, collected samples in Norway, and had been on two oceanographic cruises in the arctic with UA researchers. His amount of field experience was uncommon for a researcher in Marine Biology. The opportunities for students were abundant in Alaska, making the UA system attractive and valuable. He relayed information about his own research project. He believed that by cutting university funding as severely as was being proposed would hurt Alaska's future.

MIKE MUSICK, SELF, FAIRBANKS (via teleconference), spoke in favor of supporting public education, the university, public health, and public welfare all of which were constitutional mandates under Article 7. He believed that public education represented Alaska's future. He opined that the university was a huge economic engine especially having a world class research institute on campus. Public health was a constitutional mandate. It was clear in previous testimony that the budget affected people personally. He pointed out that Article 8, Section 2 suggested that the stat should manage lands, water, and resources for the maximum benefit of its people. He did not believe the state was receiving the proper monies from the resources being extracted. He asked committee members to reconsider cutting only what was necessary. The state needed a balanced account of proper taxation and level reductions keeping Alaska's future in mind. He thanked the committee.

[3:35:11 PM](#)

JOHN BURNS, SELF, FAIRBANKS (via teleconference), spoke in favor of the Department of Law's proposed Public Integrity Unit. He indicated he was a former attorney general. He explained the purpose of a public integrity unit was to enhance the public's trust in government by investigating

and eliminating corruption, fraud, criminal activity, and waste. The department's request was \$318 thousand. He understood that any amount of money was a significant request in the current budgetary climate. However, he urged the committee to evaluate the cost benefit analysis. In his capacity as attorney general the cost benefit outweighed the cost associated with investigating worker's compensation fraud. The proposed integrity unit would be focused on three primary areas including white collar crime, officer involved shootings, and misconduct in correctional facilities. In terms of white collar crimes, procurement fraud would become heated in the current fiscal climate. The state would want to ensure that the business climate lived up to the utmost integrity. He urged the committee to provide the funding and assured members that a savings to the state would be attained through prosecution.

[3:37:29 PM](#)

JEANETTE GRASTO, NAMI, FAIRBANKS (via teleconference), testified in support of services for disabled seniors. She thanked the committee for maintaining the governor's recommended funding for behavioral health grants. Without access to community care people would have to go to the emergency room, the mental health unit, or possibly jail costing the state more money. She supported both an income tax and using the PFD. She thanked the committee for the opportunity to speak before the committee.

[3:39:43 PM](#)

JOMO STEWART, FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION (FEDC), FAIRBANKS (via teleconference), testified that the FEDC board passed a resolution in the prior year in support of a balanced approach to addressing the state's fiscal challenge. He relayed the importance of crafting a budget carefully. A more affordable and sustainable state government was critical to Alaska's future fiscal health. He added that reductions in the cost and scope of government was necessary. Providing sufficient revenues was also in the public's interest. The board supported increased user fees and the implementation of some type of broad-based statewide taxation and the possible use of PF earnings should be fully considered during the current session. He also spoke in support of the university system. He recalled a couple of presentations he had attended in the prior two weeks that spoke about the university as a

diversification engine that should be supported. He thanked the committee for the opportunity to testify.

[3:42:14 PM](#)

ROBIN MINARD, MAT-SU HEALTH FOUNDATION, WASILLA (via teleconference), thanked the members for adopting the governor's proposed budget behavioral health treatment grants. A community health needs assessment was conducted in 2013 which pointed to the top 5 health issues which were related to behavioral health. Medicaid expansion would help increase access to behavioral health services. Current laws, however, did not permit all providers to bill Medicaid. Until rectified additional cuts to behavioral health grants would only reinforce the current system that drove people to seek care in the emergency room rather than lower cost settings. She reported wanting additional funding for early intervention. She also urged support of funding for senior services and spoke about the importance of serving the senior community. She thanked the committee for the opportunity to testify.

[3:44:20 PM](#)

Samantha Russell, Hope Community Resources, Palmer{testified in favor of programs serving the disabled. She discussed many of the benefits of centers for Independent Living. She relayed that the disability grant programs provided opportunities for people to participate in several activities. She asked members to keep the benefits she mentioned in mind when considering the budget. She thanked the committee.

[3:46:35 PM](#)

LESLIE DAVIS, HOPE COMMUNITY RESOURCES, WASILLA (via teleconference), testified in support of services for the disabled. She provided some examples of the types of services provided by community based centers. She thanked the committee.

[3:48:29 PM](#)

AT EASE

[3:49:22 PM](#)

RECONVENED

Senator Bishop handed the gavel to Vice-Chair Micciche

[4:48:06 PM](#)

PAM GOODE, SELF, RURAL DELTANA (via teleconference), felt that the budget was funding programs that people could do themselves. She stressed that the budget was aimed at old provisions. She felt that the committee should protect the liberty and freedom of the people of the state. She envied the committee's role in their decision making capacity. She felt that budget should be between \$4.3 billion and \$4.5 billion.

[4:51:20 PM](#)

BILL LAMBERT, SELF, NORTH POLE (via teleconference), felt that the budget should not be based on a \$50 barrel of oil. He felt that the economists should not have recommended the price level. He felt that there should be a priority system in the budget based on critical, moderate, and excess categories. He felt that the legislature should make their own determinations, rather than depend on economists' predictions.

^PUBLIC TESTIMONY: KENAI, KODIAK, DILLINGHAM

[4:53:36 PM](#)

TIM SANDS, SELF, DILLINGHAM (via teleconference), urged the committee to restore funding for public broadcasting. He stated that he had donated \$1200 for Dillingham's public radio. He also urged the committee to utilize a state income tax.

[4:54:31 PM](#)

KAY ANDREWS, CHAIRPERSON, SOUTH WEST REGION SCHOOL DISTRICT, DILLINGHAM (via teleconference), testified in support of education funding. She stressed that the rural area school districts were still attempting to fill the budget gaps. She remarked that her district would still face a nearly \$500,000 deficit with the increase in the Base Student Allocation. She stressed that her district had a limited vocational and technical education program. She stressed that there was still an attempt to access Pre-K programs in her school district. She felt that there should be a focus on equality for all children.

[4:56:40 PM](#)

DAVID PIAZZA, SUPERINTENDENT, SOUTH WEST REGION SCHOOL DISTRICT, DILLINGHAM (via teleconference), spoke in support of education funding. He specifically spoke in support of the scheduled \$50 increase to the base student allocation. He hoped that the allocation would remain steady over the following few years. He also spoke in favor of full funding for broadband in schools. He remarked that the teachers had greatly benefited from the statewide mentoring program. He felt that the cuts to the program would increase the burden on local school districts.

[4:58:28 PM](#)

JON CORBETT, SELF, DILLINGHAM (via teleconference), shared that he had submitted written testimony (copy on file). He felt that adjusting revenues would only increase the unsustainable budgets that had been approved over the years.

[4:59:46 PM](#)

BLINN DULL, MANAGER, COMMUNITY HEALTH SERVICES, BRISTOL BAY AREA HEALTH CORP., DILLINGHAM (via teleconference), testified in opposition to the 10 percent decrease to the community health aide program. He stressed that health aides provided critical health care and services. He remarked that the health aides enhanced optimum health care. He stressed that the aides served both native and nonnative people. He stated that community health aide program was a much needed service.

[5:02:42 PM](#)

JAKE JACOBSEN, SELF, KODIAK (via teleconference), made some comments on other legislation and revenue.

Vice-Chair Micciche wondered if Mr. Jacobsen and any opinions on SB 139 or SB 140. Mr. Jacobsen replied in the affirmative. He urged the committee to utilize a state income tax. He stressed reduced funding, and felt that there should be "common sense solutions."

[5:05:35 PM](#)

KATHERINE HOLLIS-BUCHANAN, SELF, KODIAK (via teleconference), urged the committee to restore funding for public broadcasting. She shared that her community had a wildfire, and the radio had provided essential emergency information to the community. She stressed the importance of public radio.

[5:06:57 PM](#)

SONIA CLARY, HOPE COMMUNITY RESOURCES, KODIAK (via teleconference), opposed cuts to the Community Developmental Disabilities grant fund. She shared that HOPE Community Resources utilized the grants to serve needy individuals. She thanked the committee for their time and effort.

[5:09:01 PM](#)

NICK SZABO, SELF, KODIAK (via teleconference), supported a budget similar to the governor's proposal. He understood that the cuts would not close the deficit gap. He urged the committee to utilize a state income tax. He also testified in support of using Permanent Fund earnings to supplement the budget. He did not feel that the Permanent Fund Dividend was not an entitlement. He stressed that the dividend payments should not be guaranteed in perpetuity.

[5:11:02 PM](#)

DEBBIE CARY, SELF, NINILCHIK (via teleconference), urged the committee to fund education at the highest level. She spoke in support of the scheduled \$50 increase to the base student allocation. She stressed that education was the baseline of the future. She remarked that the technological advances in the century would not have been possible without education. She stressed that quality education resulted in students' ability to have critical thinking response tactics. She had seen many students that had graduated from Ninilchik School, and felt proud of their successes.

[5:13:29 PM](#)

MICHELLE HARTLINE, SELF, NIKISKI (via teleconference), echoed the remarks of Ms. Goode. She stressed that every penny should be cut to the "bare bones." She remarked that she was the recipient of Alaska funding through the

activities that she was involved. She encouraged the committee to cut all the money that she received. She felt that there was wasteful spending. She expressed thanks to Vice-Chair Micciche's service.

[5:15:01 PM](#)

TONY GORMAN, GENERAL MANAGER, KDLL, KENAI (via teleconference), urged the committee to restore funding for public broadcasting. He felt that the local news content was the most important component to public radio. He shared that he had reduced his staff by two reporters, and felt that the lack of reporting had a negative impact on the possibility to carry out certain duties. He stressed that the loss of state funding would eliminate the possibility to receive funds from the Corporation for Public Broadcasting.

[5:17:06 PM](#)

GEORGE PIERCE, SELF, KENAI (via teleconference), urged support of funding for senior services. He spoke in support of changing the oil and gas tax structures. He felt that there should be new taxes for the mining industry. He spoke against funding the Anchorage LIO. He felt that the money from the city and borough should pay for welfare services. He spoke against funding for nonprofits. He spoke against the use of the Permanent Fund.

[5:19:40 PM](#)

CORRIE DAVIS, HOPE COMMUNITY RESOURCES, KODIAK (via teleconference), spoke in support of services for the developmental disabled people. She stressed that the money provided recreation and after school programs, and without the funding the people would have nowhere to go.

[5:20:56 PM](#)

BERNIE GRAHAM, HOPE COMMUNITY RESOURCES, KODIAK (via teleconference), testified in support of funding for Hope Community Resources base grants. She shared that she had participated in the programs at Hope Community Resources, and hoped that the center would continue to receive funding.

[5:21:50 PM](#)

BRETT MAYHEW, HOPE COMMUNITY RESOURCES, KODIAK (via teleconference), spoke in support of Hope Community Resources base grants. He also spoke against cuts to other welfare programs.

[5:23:01 PM](#)

CAROLYN SMITH, SELF, DILLINGHAM (via teleconference), testified in support of funding for revenue sharing. She stressed that, without revenue sharing, Dillingham would face a significant shortfall. She remarked that Dillingham needed to repair its ambulance and fire truck, which was a significant cost to the community. She stressed that revenue sharing ensured that communities across the state could continue to provide essential services.

[5:25:10 PM](#)

SEAN DUSEK, SUPERINTENDENT, KENAI PENINSULA BOROUGH SCHOOL DISTRICT, KENAI PENINSULA (via teleconference), spoke in support of the scheduled \$50 increase to the base student allocation. He shared that his district had already made significant cuts to its budget. He opposed the proposed cuts to DEED. He also spoke in support of full funding for Pre-K programs. He expressed concern about the loss of positions for instructional support within the districts.

[5:27:52 PM](#)

CHRISTINE HUTCHISON, SELF, KENAI PENINSULA (via teleconference), felt that the University should be completely online, because the University of Phoenix seemed to function efficiently. She urged support of further cuts in many areas. She remarked that she would like to personally experience the cuts to the budget. She stressed that she took personal responsibilities for issues. She added that the state should take over the Beaver Creek Road.

[5:30:08 PM](#)

FRED STURMAN, SELF, KENAI (via teleconference), spoke against stoplights in his community. He also testified against utilized the Permanent Fund; a gas tax; a sales tax; a tobacco tax; and all other taxes. He spoke against

government employee raises. He expressed disappointment that the budget had not cut 30 percent.

[5:32:21 PM](#)

CARROLL KNUTSON, SELF, SOLDOTNA (via teleconference), spoke in support of behavioral health programs. She also spoke in support of early childhood education. She stressed that early learning was very important for children. She remarked that Alaska was much different than in was 50 years prior. She also spoke against the privatization of the Pioneer Home.

[5:34:18 PM](#)

LAURENE MADSEN, SELF, KODIAK (via teleconference), urged the committee to restore funding for public broadcasting, and spoke in favor of full funding for broadband in schools. She also spoke in support of education funding. She urged support of Online with Libraries. She felt that loss of the programs would cause the libraries to lose e-rate funds. She stressed that small communities did not have convenient access to the internet. She urged the committee to utilize a state income tax. She spoke in support of a tax on tourism. She also testified in support of using Permanent Fund earnings.

Co-Chair MacKinnon clarified that there was still a head tax on the cruise ships, but it was no longer \$50. Ms. Madsen shared that her mother's friends would still go on a cruise with a \$50 head tax.

[5:37:51 PM](#)

CARLA KIMMEL, CHILDREN'S PROGRAM COORDINATOR, HOPE COMMUNITY RESOURCES, KODIAK (via teleconference), spoke in support of funding for the Hope Community Resources base grant. She stressed that the disabled individuals needed a place to socialize and feel a part of the community. She stressed that, without the money, the center would be in dire straits.

[5:39:28 PM](#)

ELENOR RAMOS, SELF, KODIAK (via teleconference), spoke in support of the Online with Libraries. She shared that the library was often the only place that provided internet

services. She stressed that the library had classes and readers theatre. She remarked that the library was able to provide education on the internet to many older citizens.

5:41:25 PM

RACHEL BOBBITT, BRISTOL BAY AREA HEALTH CORPORATION, DILLINGHAM (via teleconference), spoke in support of behavioral health programs. She stressed that the Bristol Bay Area Health Corporation was the only substance abuse treatment facility in the area. She stressed that there was an epidemic throughout the state, so it seemed inopportune to cut services that help people get off of drugs. She stressed that the funding also provided funding for programs for severely emotionally abused youth. She felt that it was important to address any mental health issues at a young age.

5:43:26 PM

RICK KOCH, CITY MANAGER, CITY OF KENAI, KENAI (via teleconference), recalled a conversation about modifying the PERS contribution rate for communities, and he felt that the status quo should be maintained for the municipality contribution to \$3 million PERS pay down. He also testified in support of funding for revenue sharing. He thanked the committee for their time and effort.

Vice-Chair Micciche wondered if Mr. Koch meant to say \$3 billion, rather than \$3 million. Mr. Koch replied in the affirmative.

5:46:04 PM

MARY TOUTONGHI, SELF, SOLDOTNA (via teleconference), spoke against a state income tax. She also spoke against the use of Permanent Fund earnings. She felt that the state budget had been mismanaged. She spoke against the oil tax credits. She remarked that elderly people were not given access to many essential services. She also testified against funding for the Anchorage LIO.

5:48:19 PM

ARNOLD OSKOLKOFF, SELF, KENAI (via teleconference), spoke against the funding for the AKLNG project. He also spoke

against the Anchorage LIO. He also spoke against the oil and gas tax credits.

[5:49:37 PM](#)

JACK ROBERTS, VICE PRESIDENT, STUDENT UNION, KENAI RIVER CAMPUS (KPC), KENAI (via teleconference), testified in support of funding for the University. He remarked that he had submitted videos outlining the importance of many programs at KPC. He stressed that KPC was a leader in the anthropology lab research. He stressed that there were great strides in science that impacted the world. He also urged support of fully funding education.

[5:51:28 PM](#)

CHERYL TUTTLE, KPC, KENAI (via teleconference), testified in support of funding for the University. She also testified in support of funding education programs. She felt that people would leave the state without proper education. She remarked there was heartbreak for many students whose school programs had been eliminated.

[5:53:15 PM](#)

DAVE BRIGHTON, PRESIDENT, KENAI PENINSULA EDUCATION ASSOCIATION, KENAI (via teleconference), spoke in support of fully funding education. He encouraged the committee to maintain the governor's proposed funding. He spoke in support of the scheduled \$50 increase to the base student allocation. He stressed that without the increase, his son's school would lose its French teacher. He also urged the committee to restore funding for public broadcasting. He remarked that the state funding provided leverage for the federal matching grant. He also urged the committee to utilize a state income tax. He also testified in support of using Permanent Fund earnings. He felt that the fund was created to fund government and provide for the future. He also spoke in support of capping the Permanent Fund Dividend. He stressed that he would not vote for anyone that did not "do the right thing."

[5:56:02 PM](#)

MARION NELSON, SELF, KENAI (via teleconference), urged the committee to restore funding for public broadcasting. She also spoke in support of funding for Hope Community

Services base grants. She also urged support of fully funding education. She stressed that public radio was a great opportunity for continued education.

[5:57:34 PM](#)

BILL LARNED, BOARD MEMBER, KDLL, KENAI (via teleconference), urged the committee to restore funding for public broadcasting. He stressed that the public broadcasting services were tied together with entertainment and information services. He stressed that there were generous members and underwriters. He remarked that there was work to encourage donor support that would result in increases to the radio budget. He remarked that the federal fund match can only be met with the state financial support.

[5:59:51 PM](#)

JOHN MOLINA, DIRECTOR OF HEALTH SYSTEMS, DENAINA WELLNESS CENTER, KENAI (via teleconference), urged support of \$30 million for substance abuse treatment. He stressed that substance abuse was rampant in the community. He remarked that the investment in prevention and treatment would keep people sober in perpetuity.

Vice-Chair Micciche stated that the current bill reduced the substance abuse program by \$3 million.

[6:02:37 PM](#)

LADAWN DRUCE, EDUCATOR, KENAI PENINSULA (via teleconference), echoed Ms. Nelson's remarks. She urged the committee to restore funding for public broadcasting. She also spoke in support of full funding for Pre-K programs. She spoke in support of fully funding K-12 programs. She also testified in support of funding for the University. She also spoke in support of the Online with Libraries. She testified in support of using Permanent Fund earnings. She also urged the committee to utilize a state income tax.

[6:04:26 PM](#)

AMY SEITZ, EXECUTIVE DIRECTOR, ALASKA FARM BUREAU, KENAI PENINSULA (via teleconference), spoke in support of the funding to allow time to privatize Mt. McKinley Meat. She also spoke in support of funding for the potato program,

and other funding for the plant material center. She stressed that the agriculture industry had many opportunities for growth and greater contributor to Alaska's economy.

[6:06:11 PM](#)

BROTHER TOM PATMOR, SELF, CLAM GULCH (via teleconference), spoke in support of selling some real estate in order to fund the budget. He remarked that the Permanent Fund should sell real estate, and then loan the money to the state to pay for the budget.

[6:08:34 PM](#)

JESSE BJORKMAN, SELF, KENAI (via teleconference), testified in support of fully funding education. He stressed that the cuts to education resulted in less teachers for children. He remarked that shop, welding, art, music were essential in getting children excited about school. He testified in support of using Permanent Fund earnings. He felt that turning the Permanent Fund as an endowment would allow for funding of essential services to the state.

Vice-Chair Micciche CLOSED public testimony.

Senator Bishop thanked all the testifiers for taking the time to express their concerns and support in guiding Alaska. He also thanked the committee members.

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

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ADJOURNMENT

[6:11:34 PM](#)

The meeting was adjourned at 6:11 p.m.