

HOUSE FINANCE COMMITTEE
March 2, 2017
1:03 p.m.

[1:03:22 PM](#)

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:03 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Steve Thompson
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Ruth Bullock, Clinical Director, Gateway Center Human Services, Ketchikan; Polly-Beth Odom, Assistant Executive Director, Daybreak, Inc., Palmer; Kevin Munson, CEO, Mat-Su Health Services, Mat-Su; Perry Ahsogeaq, Behavioral Health Director, Fairbanks Native Association, Fairbanks.

PRESENT VIA TELECONFERENCE

Jim Hornaday, Kenai, Kenai Peninsula College Council, Kenai; Mike Illg, Self/Kenai Peninsula Borough School District, Homer; Bryan Zak, Self, Homer; Meg Mitchell, Self, Homer; Cheryl Tuttle, Student Union President, Kenai Peninsula College (KPC), Nikiski; Aubrey Duncan, Student Representative, KPC, Kenai; Jocelyn Riske, KPC, Soldotna; George Pierce, Self, Kasilof; Patrick Michels, KPC,

Soldotna; Fred Sturman, Self, Soldotna; Dave Jones, Kenai Peninsula Borough School District, Soldotna; Rocky Emerson, Self, Nikiski; Kelly Johnson, Self, Soldotna; Eric Muench, Self, Ketchikan; Cynna Gubatayao, Finance Director, Ketchikan Gateway Borough, Ketchikan; Mary Stephenson, Self, Ketchikan; Dan Rohrer, Mayor, Kodiak Island Borough, Kodiak; Scott Smiley, Assembly Member, Kodiak Island Borough, Kodiak; Larry LeDoux, Deputy Mayor-Kodiak Borough, Kodiak; Mary Forbes, Self, Kodiak; Barb Brown, self, Kodiak; Pat Branson, Mayor, City of Kodiak, Kodiak; Ryan Sharratt, Self, Kodiak; Dan Mayfield, Assembly Member, Mat-Su Borough, Mat-Su; George Hays, Deputy Mayor, Mat-Su Borough, Mat-Su; Gene Stone, Mat-Su Borough School District, Mat-Su; Beth Fread, Self, Palmer; Steve St. Claire, Self, Wasilla; Abby St. Claire, Self, Wasilla; Debbie McCarthy, Self, Wasilla; Dave Brighton, President, Kenai Peninsula Education Association, Kenai; Sophianne Sergie, Parents as Teachers, Seward; Deborah Klein, Parents as Teachers, Seward; Lynn Hohl, Kenai Peninsula School District, Seward; Kris Holderied, Kachemak Bay Advisory Board, Kenai Peninsula College, Homer; Gheret Abbott, Self, Ketchikan; Rodney Dial, Assembly Member, Ketchikan Gateway Borough, Ketchikan; Bob Fassino, Self, Wasilla; Carol Shuler, Self, Homer; Garvin Buceria, self, Wasilla; Karl Kassel, Mayor, Fairbanks North Star Borough; Gail Woodall, Self, Fairbanks; Ann Woodall, Self, Fairbanks; Nichole Collinson, Self, Fairbanks; Kristina Long, Fairbanks Native Association, Fairbanks; Frank Gold, Self, Fairbanks; Andrea Merchant, Participant, Women's and Children's Center Inner Healing, Fairbanks; Cherie Forness, Participant, Women's and Children's Center Inner Healing, Fairbanks; Angie Harman, Participant, Women's and Children's Center Inner Healing, Fairbanks; Bailey Rogers, Participant, Women's and Children's Center Inner Healing, Fairbanks; Jessica Hedge, Counselor, Women's and Children's Center Inner Healing, Fairbanks; Scott Calder, Self, Fairbanks; Karen Taber, Representative, Fairbanks Wellness Coalition, Fairbanks; Jeff Benowitz, Self, Fairbanks; Rose Loera, City Manager, City of Dillingham; Ingrid S. Ramos-Ansaknok, Marrulut Eniit Grandma's House Assisted Living, Dillingham; Don I. Gray, Self, Fairbanks; Bill Hibler, Faculty, University of Alaska Fairbanks, Fairbanks; Rosalie Rein, Self, Fairbanks.

SUMMARY

HB 57 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 57 was HEARD and HELD in committee for further consideration.

HB 59 APPROP: MENTAL HEALTH BUDGET

HB 59 was HEARD and HELD in committee for further consideration.

Co-Chair Seaton reviewed the agenda for the day.

#hb57

#hb59

HOUSE BILL NO. 57

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

HOUSE BILL NO. 59

"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."

[1:04:43 PM](#)

^PUBLIC TESTIMONY: HOMER, KENAI, KETCHIKAN, KODIAK, MAT-SU, and SEWARD

[1:05:13 PM](#)

JIM HORNADAY, KENAI, KENAI PENINSULA COLLEGE COUNCIL, KENAI (via teleconference), spoke in support of the University Board of Regents funding request of \$341 million funding versus the governor's proposal of \$325 million. He shared information about his professional background as a teacher. He shared it had been exciting to watch the university campuses grow in the region over the years. He remarked that the Senate had proposed reducing the budget request to \$309 million. He talked about the effects of reduced

funding for the university system. He relayed that additional cuts would have an adverse effects on the communities. He thanked the committee.

1:08:18 PM

MIKE ILLG, SELF/KENAI PENINSULA BOROUGH SCHOOL DISTRICT, HOMER (via teleconference), spoke in support of fully funding the BSA and pupil transportation spoke in support of fully funding the Base Student Allocation (BSA) and pupil transportation. Additionally, he asked the committee to consider fully funding bond debt reimbursements that played a significant role in the investment and commitments in municipalities and boroughs throughout the state. He stressed that school districts really needed to know what the funding scenario would be because the districts could not keep stringing along employees, teachers, and community members. He suggested forward funding the formula a few years out. He urged members to consider the benefits of the schools and for all Alaskan children. He thanked members.

Co-Chair Seaton noted that Representatives Ortiz, Pruitt, Kawasaki, and Guttenberg had joined the meeting.

1:10:47 PM

BRYAN ZAK, SELF, HOMER (via teleconference), spoke of the importance of high school and college education. He shared that the Homer High School was number one in the state for performance of the graduating seniors. He discussed the importance of preparing high school seniors to achieve scholarships to universities. He also encouraged members to find new revenue sources, which would help with a portion of the state's budget deficit. He appreciated the legislature's efforts. He asked the legislature to develop a fiscal plan within 90 days. He underscored that it was not possible to cut the state's way out of the deficit. He also warned against cost shifting to municipalities.

1:13:06 PM

MEG MITCHELL, SELF, HOMER (via teleconference), spoke in opposition to the proposal of the cap to community services for individuals with disabilities to eight hours per week. She shared that she had worked as a case manager for the past 26 years. She believed people with disabilities were wonderful and deserving of having the fullest lives

possible. She stressed that the cap would limit disabled individuals' time in community settings, meaning the individuals would not have access to their choice of community activities for learning, volunteering, recreating, or socializing. She underscored that the cap would cut dozens of jobs of direct service providers. She spoke to the benefits of the services. She emphasized that the cut would promote program participants to be excluded from the community.

[1:15:50 PM](#)

CHERYL TUTTLE, STUDENT UNION PRESIDENT, KENAI PENINSULA COLLEGE (KPC), NIKISKI (via teleconference), spoke in support of full funding the university system at \$325 million. She stressed that anything less than the full amount would be a deficit for the community, students, staff, and faculty. She asked the committee to keep the college campuses in mind and to avoid cutting too far. She thanked the committee.

[1:17:01 PM](#)

AUBREY DUNCAN, STUDENT REPRESENTATIVE, KPC, KENAI (via teleconference), spoke in support of funding the university system. She shared that she was currently a freshmen in high school. She represented the next generation of workers, parents, and leaders. She reinforced the need for the local colleges. She provided information about her experience as a student. She asked the committee to keep students in mind as the future of Alaska. She underscored that decisions made by the legislature impacted more than just the college itself; it impacted all of Alaska.

[1:18:09 PM](#)

JOCELYN RISKE, KPC, SOLDOTNA (via teleconference), spoke in support of funding the university system. She shared that she was currently pursuing a degree in nursing. She enjoyed her experience at the Kenai Peninsula College. She stressed that staff were very dedicated to helping students. She urge members to continue funding.

[1:19:15 PM](#)

GEORGE PIERCE, SELF, KASILOF (via teleconference), spoke in opposition of funding oil tax credits and subsidies. He

thought the committee should limit lobbyist testimony to two minutes as well in order to make things even. He did not support state funding for nonprofits and believed the state needed to tax s corporations and limited liability companies. He asked the legislature to cut its own per diem by three-quarters. He did not believe the legislature should receive any per diem after 90 days if it could not finish its work within that time. He urged an advisory vote of the people before taking money from the Permanent Fund and cutting the dividend. He believed the state's government was bloated. He spoke to the change in leadership in the legislature and emphasized the new leadership could listen to the people. He stressed his opposition to the use of the Permanent Fund, which he believed would hurt Alaskans. He thought legislators had selective hearing. He asked the committee to increase taxes on the oil industry.

[1:21:10 PM](#)

PATRICK MICHELS, KPC, SOLDOTNA (via teleconference), urged support for funding for the Kenai Peninsula College funding. He shared that he was currently an 18-year-old high school senior attending KPC. He stressed the great learning environment at the college. He urged the committee to keep the college's budget in mind.

[1:22:06 PM](#)

FRED STURMAN, SELF, SOLDOTNA (via teleconference), suggested that legislators should limit their testimony to two minutes on the House floor. He thought the Division of Motor Vehicles (DMV) and the railroad should be eliminated. He reasoned that in the business world when something got into financial trouble it was eliminated. He suggested contracting the Alaska Marine Highway System (AMHS) out and eliminating the [Alaska Aerospace Corporation] launch pad. He believed the governor was making too much money. He recommended discontinuing funding for the gasline and doing away with heating and oil subsidies for rural Alaskans. He thought individuals receiving free schools in rural Alaska should be taxed. He urged members to cut their own pay. He thought pay for state workers should be cut. He believed unions should be responsible for collecting their own dues.

[1:24:32 PM](#)

DAVE JONES, KENAI PENINSULA BOROUGH SCHOOL DISTRICT, SOLDOTNA (via teleconference), spoke in support of fully funding the BSA and pupil transportation. He appreciated that full BSA funding had been restored in the current bill version. He was concerned about the bond debt reimbursement cut and supported full funding. He spoke of the loss of about \$1.2 million could hinder the borough's ability to fully fund the school district. He thanked members for their support of education.

[1:26:08 PM](#)

ROCKY EMERSON, SELF, NIKISKI (via teleconference), spoke in opposition of using the people's PFD. He depended on his dividend. He believed there were many other options the legislature could select to solve the budget problem. He asked the committee to let seniors have their fair share of funds. He shared that he had not voted for a legislative incumbent in recent years and did not plan on doing so in the next election.

[1:27:35 PM](#)

KELLY JOHNSON, SELF, SOLDOTNA (via teleconference), was opposed cutting the PFD. He discussed that the current U.S. president and Congress had gotten elected based on their campaigns to increase the number of jobs and to cut taxes and regulation. He did not support the bill or tax increases. He shared that almost all of his dividends in the past had gone towards his college education at Kenai Peninsula College. He stressed that young individuals needed the money to help them get through college as well. Additionally, he stated that seniors depended on the PFD. He thought it was important to leave the PFD alone, increase jobs, and cut some regulation to encourage growth in the state.

[1:29:10 PM](#)

ERIC MUENCH, SELF, KETCHIKAN (via teleconference), spoke in favor of everyone paying their fair share. He supported income taxes and shared that when the state had an income tax in the past it had not hurt the economy. He underscored that the longer tax was not addressed, the worse the problem would get. He believed the state needed revenue independent of oil. He thought it was necessary for the state to have the ability to raise money from every

thriving economic industry or user of state services. He talked about the importance of maintaining certain services. He disagreed with the belief that an income tax should not be implemented until more cuts were made to the state budget. He emphasized that existing cuts had already impacted numerous services that benefit the economy. He supported maintaining funding for the Department of Fish and Game, forestry, troopers, and highways.

[1:31:05 PM](#)

CYNNA GUBATAYAO, FINANCE DIRECTOR, KETCHIKAN GATEWAY BOROUGH, KETCHIKAN (via teleconference), supported a comprehensive fiscal plan and spoke against shifting additional costs to the municipality. She did not believe continued cuts to individual programs would solve the state's financial problems. The borough was particularly concerned about cuts to bond debt reimbursement. She underscored that as costs were shifted to municipalities the burden was placed on the local taxpayers. She detailed that 100 percent of the borough's property tax and 20 percent of its sales tax went to education. The local tax payer was already suffering the burden of losing jobs and positions.

[1:32:10 PM](#)

MARY STEPHENSON, SELF, KETCHIKAN (via teleconference), testified against the bill. She discussed that on January 21, 2017 millions of people had marched worldwide to express the message that the system is broken. She spoke against the new federal administration's proposal to increase defense spending by \$54 billion, while cutting the same amount from non-defense programs such as the Environmental Protection Agency. She stressed that Ketchikan's lifestyle was centered on air, land, and sea environmental programs. She talked about struggling with household budgets, while social services tried to sustain itself with the revolving door of dysfunctional individuals. She believed city officials adjusted fiscal responsibility back onto taxpayers and local industries. She continued that legislators had not been held accountable for the deficit. She spoke against taking the PF earnings reserves to fund government; however, she was not opposed to funds being lent from the Permanent Fund in order for Alaskans to be debt-free in future generations. She thanked the committee.

[1:35:07 PM](#)

RUTH BULLOCK, CLINICAL DIRECTOR, GATEWAY CENTER HUMAN SERVICES, KETCHIKAN, spoke of the 30 percent in their grant in the previous year. She thanked the committee and added that treatment worked. She shared that the center had taken a cut of approximately 30 percent to its grants the previous year, which had been startling. The center had been doing well and was billing Medicaid for most people. She thanked the committee for continuing to fund community-based programs. She emphasized that treatment worked.

DAN ROHRER, MAYOR, KODIAK ISLAND BOROUGH, KODIAK (via teleconference), spoke in opposition to the proposed 42 percent reduction to school bond debt reimbursement. The cut would be approximately \$2.2 million to the Kodiak Island Borough. He stressed that the legislature had many tools it could use to deal with the financial crisis. Kodiak really only had property taxes and fees to deal with its financial challenges. He looked at options to cover the cut - it could increase its mill rate by 2 (which was a significant increase) or it could reduce the allocation to its school district. The proposed cuts would mean many municipalities would push off much of the costs to local schools. He respectfully requested that the legislature fully fund the school bond debt reimbursement.

[1:39:12 PM](#)

SCOTT SMILEY, ASSEMBLY MEMBER, KODIAK ISLAND BOROUGH, KODIAK (via teleconference), testified against the proposed reduction to school bond debt reimbursement. The community could not afford the cut and he hoped the state would stop passing bills off to municipalities that it could not solve. He supported the implementation of a sales tax on online purchases, a state income tax, and using a portion of the Permanent Fund.

[1:40:09 PM](#)

LARRY LEDOUX, DEPUTY MAYOR-KODIAK BOROUGH, KODIAK (via teleconference), spoke in opposition of the proposed reduction to school bond debt reimbursement. He spoke to the state's financial crisis and solutions suggested to address the situation including an income tax, sales tax, increase in fisheries tax, and reductions in the PFD and

revenue sharing. He noted that no one really liked the options, but they were equitable across the state. The debt reduction would affect some municipalities more than others, Kodiak in particular. He detailed that Kodiak had been prudent over the years to request no more money than it needed. In Kodiak the increase in debt payments amounted to almost 2 mills. He asked committee members to consider how the cuts would impact schools. Kodiak was going through an economic crisis due challenges in the fishing industry. He thanked the committee for its work for education.

Co-Chair Seaton replied that the legislature was facing bad choices, which meant either a \$300 per student Base Student Allocation (BSA) decrease or at a similar amount through a bond debt reimbursement. He asked testifiers to vocalize a choice between the two if desired.

[1:43:00 PM](#)

MARY FORBES, SELF, KODIAK (via teleconference), spoke in support of using the PFD to fund government. She loved the quality of life Alaska had to offer and had raised her family in the state. She viewed the PFD as a gift, not as an entitlement. She strongly favored a state income tax. She wanted to see out of state residents making a living in Alaska paying their fair share. She stressed that the budget problems could not be solved with cuts alone. She thanked the committee.

[1:44:33 PM](#)

BARB BROWN, SELF, KODIAK (via teleconference), spoke in support full funding for K-12 education. She was horrified that school lunches were being considered for reductions nationally. She discussed that the kids eating the school lunches were many times having their only hot meal of the day. She supported funding the University at the level recommended by the Board of Regents. Further cuts would negatively impact enrollment and completion rates. She favored an income tax. She thought it was important to tax people earning a wage in Alaska. She thanked the committee.

[1:46:36 PM](#)

PAT BRANSON, MAYOR, CITY OF KODIAK, KODIAK (via teleconference), spoke in opposition of reducing the school bond debt reimbursement. She discussed that the city was

not responsible for its schools, it was part of the community and any cut to school bond debt would be a tremendous burden on the whole community. She referred to three options proposed by Co-Chair Seaton, the governor, and Senator Bert Stedman and asked the committee to consider each idea. She stressed it was not possible to cut the state's way out of the deficit. She talked about having met with the municipal league regarding the state's fiscal situation. She relayed that any cuts should be fair reductions. She thanked members for their service.

[1:48:16 PM](#)

RYAN SHARRATT, SELF, KODIAK (via teleconference), supported the budget of the Department of Military and Veterans Affairs (DMVA). He provided information regarding his military background, having been a member of the Alaska National Guard. He was currently a business owner employing 107 staff. He discussed the attributes of the current DMVA budget. He thanked members for the opportunity to testify.

[1:50:18 PM](#)

DAN MAYFIELD, ASSEMBLY MEMBER, MAT-SU BOROUGH, MAT-SU (via teleconference), spoke in opposition of the school bond debt reimbursement reduction of 41.8 percent, which would mean a loss of approximately \$9.5 million to the borough. He stated it would equate to a 10 percent tax increase to residents. The borough had already taken a hit of \$5.9 million when Governor Walker had vetoed 25 percent of the reimbursement. He discussed that the cuts broke public trust. He referred to a prior vote on a school bonding proposal. He thought it was an inequitable burden for the Mat-Su Borough. He opposed BSA and pupil transportation reductions. He urged members to vote no on the amendment.

[1:53:38 PM](#)

GEORGE HAYS, DEPUTY MAYOR, MAT-SU BOROUGH, MAT-SU (via teleconference), urged members to oppose Co-Chair Seaton's amendment to reduce school bond debt reimbursement. He explained the amendment would cut state bond debt reimbursement for prior year capital improvement bonds by 41.8 percent. He stressed that the burden would fall unequally on specific citizens of Alaska. He underscored that the reductions would harm borough services and the public's trust. He listed negative consequences of the

cuts. He explained the results of a similar reduction by Governor Parnell. Any delay in bond payment would adversely affect the borough's bond rating. He specified that the combination of the school bond debt and pupil transportation reduction placed an unfair burden on school systems operating in the organized areas of the state. He suggested that it would cost \$100 to citizens within the borough.

[1:56:16 PM](#)

GENE STONE, MAT-SU BOROUGH SCHOOL DISTRICT, MAT-SU (via teleconference), opposed the amendment to the school bond debt reimbursement program. He encouraged members to honor its funding commitment. He supported fully funding pupil transportation and the BSA. He detailed that failing to fund pupil transportation would mean a cut to classrooms. He thanked the committee.

[1:58:05 PM](#)

BETH FREAD, SELF, PALMER (via teleconference), urged members to cut the budget, avoid cutting the PFD, and avoid imposing new revenues or taxes (until the budget had been cut further). She stressed that the current budget was not sustainable. She suggested the only solution in the House Majority Coalition was to continue its spending. She opposed automatic merit increases for state employees. She thanked the committee.

[2:00:43 PM](#)

STEVE ST. CLAIRE, SELF, WASILLA (via teleconference), pointed out that public testimony was being held while most Alaskan were at work. He suggested comparing apples-to-apples. He referred to the FY 17 Department of Corrections budget compared to the FY 18 budget that had been reduced by \$7 million. He wondered what had happened to the \$10 million in savings from SB 91. He thought more cuts should be made. He asked what had happened to the proposal to close a Palmer facility. He asked members if they were being truthful about what was occurring with the budget.

[2:03:41 PM](#)

ABBY ST. CLAIRE, SELF, WASILLA (via teleconference), urged the legislature to live within its budget. She supported

additional cuts to the budget. She shared information about her fixed income and relayed she could not afford additional taxes. She opposed using the people's PFD. She believed government was bloated and that Alaskans were expected to do more with less. She reminded legislators they represented their constituents and not the governor.

[2:05:08 PM](#)

DEBBIE MCCARTHY, SELF, WASILLA (via teleconference), opposed her PFD being taken away as a civil forfeiture, which she believed was unlawful. She thought the state needed to clean up its own house, particularly with fraudulent practices.

[2:06:56 PM](#)

DAVE BRIGHTON, PRESIDENT, KENAI PENINSULA EDUCATION ASSOCIATION, KENAI (via teleconference), spoke in support of funding public education. He referred to fiscal plan legislation under consideration by the legislature and believed HB 115 was the most balanced approach. He noted the current status quo budget for education was causing the districts to cut due to inflation. The district had spent its fund balance trying to not cut as many teachers and had cut over \$4 million out of its budget in the past three years. He did not support more cuts to education. He thanked the committee.

[2:08:22 PM](#)

SOPHIANNE SERGIE, PARENTS AS TEACHERS, SEWARD (via teleconference), supported funding for Parents as Teachers. She discussed the merits of the program, which helped children with learning and developing skills. She spoke to her children's personal experience with the program.

[2:09:24 PM](#)

DEBORAH KLEIN, PARENTS AS TEACHERS, SEWARD (via teleconference), spoke in support of continued funding Parents as Teachers. She shared that the program had acted as a lifeline for her family that had connected her to resources and other parents. She spoke to the merits of the program.

[2:09:46 PM](#)

LYNN HOHL, KENAI PENINSULA SCHOOL DISTRICT, SEWARD (via teleconference), spoke in support of public school education. She shared information about her children's education in Alaska. She had appreciated the forward funding for education that had occurred in the past. She supported a comprehensive fiscal plan without shifting costs to local municipalities that maintained important governmental services such as education. She stressed the state could not cut its way out of the deficit. She thanked the committee.

2:11:02 PM

POLLY-BETH ODOM, ASSISTANT EXECUTIVE DIRECTOR, DAYBREAK, INC., PALMER, testified in support of behavioral health grant funds. She provided some background about the purpose of the agency that provided case management for adults with long-term mental health issues and other. Due to Medicaid expansion the program had been able to double the number of individuals it could provide services to. She spoke to the merits of the program. She thanked the committee for looking at the budget.

2:12:42 PM

KRIS HOLDERIED, KACHEMAK BAY ADVISORY BOARD, KENAI PENINSULA COLLEGE, HOMER (via teleconference), thanked the committee for its work. She spoke in support of funding the university system. The Senate numbers would be devastating to the university on top of the cuts that had already been made in recent years. She relayed additional cuts would mean a loss of staff and reduced classes and job training. As a citizen and Navy veteran she supported an income tax. She thought the people of the state should pay for services. She asked for a balanced proposal. She appreciated members understanding the importance of education.

2:14:54 PM

GHERET ABBOTT, SELF, KETCHIKAN (via teleconference), spoke in support of a state income tax. He stated it was clear the current fiscal crisis stemmed from an over reliance on oil revenue, which fluctuated constantly. He believed stabilizing state finances required a broader and less volatile taxation system. He supported a state income tax

over a state sales tax. He explained that a sales tax was regressive and would fall most heavily on the poor, students, small business owners, and other. He urged members to refuse any fiscal proposal without an income tax.

[2:16:26 PM](#)

RODNEY DIAL, ASSEMBLY MEMBER, KETCHIKAN GATEWAY BOROUGH, KETCHIKAN (via teleconference), believed the committee was intent on balancing the budget on the backs of working Alaskans. He stated that approximately \$700 million of the state's budget went to Medicaid. He did not support the tax free private ownership of land in rural Alaska. He stressed that Alaska was the only state that did not impose a five-year lifetime limit on welfare. He believed the proposed budget was about making urban areas pay more so rural areas could continue to pay nothing. He spoke to the give-a-ways in the state which he suggested was costing the state. He thought fairness and parity in the fiscal circumstances. He opposed a state income tax and supported additional cuts to the budget.

Co-Chair Seaton communicated there were currently no more testifiers signed up. The committee would reconvene once additional testifiers were available.

[2:18:09 PM](#)

AT EASE

[2:46:49 PM](#)

RECONVENED

BOB FASSINO, SELF, WASILLA (via teleconference), spoke in support of the income tax. He thanked the committee for dealing with the issues. He believed many individuals were not looking at the original intent of the Permanent Fund. He stressed it was not possible to keep kicking the can down the road.

KEVIN MUNSON, CEO, MAT-SU HEALTH SERVICES, MAT-SU, testified in support of community treatment health grants. He stressed that behavioral health was a key element to helping to solve the cost of healthcare in Alaska. He thanked the committee for preserving programs. He believed behavioral health services had the ability to help divert and lower costs. He discussed that many of the healthcare

costs were driven by social determinants of health. He explained that the behavioral health and substance abuse communities could help to treat and resolve the issues.

2:50:06 PM

CAROL SHULER, SELF, HOMER (via teleconference), spoke in support of a balanced state budget. She applauded continued efforts to find areas of wasteful spending. She did not consider waiver services to be wasteful. She spoke in support of home and community based services and Medicaid waivers. She underscored that limiting individuals to a maximum of 8 hours per week to services would essentially confine them to their homes. She urged the committee to continue funds at the current level of Medicaid services.

2:52:04 PM

GARVIN BUCERIA, SELF, WASILLA (via teleconference), was not impressed with the legislature's changes to the budget. He stated that the primary responsibility for Alaska Permanent Fund Corporation (APFC) was to protect the corpus of the Permanent Fund. He believed the commitments could best be kept under the current system. He believed changes would handicap the system and would use the funds for government spending. In order for the fund to serve future generations in perpetuity it should be preserved in its current form. He referred to separate legislation and observed there was no contemplation of an income tax in the operating budget. He was opposed to an income tax when he believed further cuts were necessary. He supported a 5 percent reduction in the state's personnel budget. He spoke to double dipping related to Medicaid. He did not support the ability for individuals to travel with Medicaid funds when they did not meet with medical personnel on the trip.

Co-Chair Seaton provided the email address for individuals to submit public testimony.

2:56:23 PM

AT EASE

3:16:04 PM

RECONVENED

Co-Chair Seaton noted there were no additional testifiers signed up from any of the LIOs. He relayed the committee

would break until 3:45 p.m. to hear testimony from a new set of locations.

[3:17:05 PM](#)

AT EASE

[3:46:25 PM](#)

RECONVENED

^PUBLIC TESTIMONY: BARROW, DILLINGHAM, and FAIRBANKS

[3:46:53 PM](#)

KARL KASSEL, MAYOR, FAIRBANKS NORTH STAR BOROUGH (via teleconference), spoke in support of fully funding education. He understood the magnitude of the state's budget situation, but stressed that he did not understand the obligation for the municipality to institute taxes in order to cover the state's budget shortfall. He felt that there should be a balanced and sustainable state budget. He felt that there should not be further cost shifting to local governments.

[3:50:12 PM](#)

GAIL WOODALL, SELF, FAIRBANKS (via teleconference), spoke in opposition to funding for additional Office of Children's Services (OCS) personnel. She felt that there should be reforms in OCS, and create an option for OCS personnel participate in training to understand the family and child situations.

[3:52:01 PM](#)

ANN WOODALL, SELF, FAIRBANKS (via teleconference), echoed the comments of Ms. Gail Woodall. She spoke against funding for additional OCS personnel.

[3:53:11 PM](#)

NICHOLE COLLINSON, SELF, FAIRBANKS (via teleconference), spoke in opposition of funding for additional OCS workers. She recalled a situation where a child had been removed with no proof or investigation. She spoke in support of funding for behavioral health programs. She felt that the children learn the negative mental health behaviors from their parents.

[3:55:28 PM](#)

KRISTINA LONG, FAIRBANKS NATIVE ASSOCIATION, FAIRBANKS (via teleconference), testified in support of funding for mental health and addiction prevention programs. She felt that the state would pay for jail time should the programs go unfunded.

[3:56:44 PM](#)

FRANK GOLD, SELF, FAIRBANKS (via teleconference), felt that the committee did not give adequate warning for public testimony. He did not feel that there was an interest in the budget from the legislature or public. He remarked that the committee was not asking any questions. He encouraged the committee to consider entrenchment. He shared that he was formulating a list of budget concerns.

[3:59:49 PM](#)

ANDREA MERCHANT, PARTICIPANT, WOMEN'S AND CHILDREN'S CENTER INNER HEALING, FAIRBANKS (via teleconference), spoke in support of funding for behavioral health programs. She stated that she was able to enter into a treatment program, with her daughter by her side. She stated that she had been homeless, and was grateful for the programs that allowed her a second chance. She remarked that she was suddenly and active member of her community, because of the behavioral health programs. She stressed that addiction programs were imperative to those with addiction problems.

[4:02:14 PM](#)

CHERIE FORNESS, PARTICIPANT, WOMEN'S AND CHILDREN'S CENTER INNER HEALING, FAIRBANKS (via teleconference), spoke in support of funding for addiction treatment and behavioral health programs. She stated that she had used Medicaid and Denali Kid Care. She remarked that her children were successful due to the staff at the Women's and Children's Center Inner Healing.

[4:03:45 PM](#)

ANGIE HARMAN, PARTICIPANT, WOMEN'S AND CHILDREN'S CENTER INNER HEALING, FAIRBANKS (via teleconference), spoke in support of funding for addiction treatment and behavioral

health programs. She stated that she had used Medicaid and Denali Kid Care. She stressed that the programs had changed her life.

[4:04:21 PM](#)

BAILEY ROGERS, PARTICIPANT, WOMEN'S AND CHILDREN'S CENTER INNER HEALING, FAIRBANKS (via teleconference), spoke in support of funding for addiction treatment and behavioral health programs. She remarked that the state could either pay for health programs or incarceration.

[4:05:01 PM](#)

JESSICA HEDGE, COUNSELOR, WOMEN'S AND CHILDREN'S CENTER INNER HEALING, FAIRBANKS (via teleconference), spoke in support of funding for addiction treatment and behavioral health programs. She stressed that her family were addicts and felons. She stated that she had seen firsthand the issue of addiction. She stated that she had an experience with addiction, and dealt with many issues. She stressed that she was now a productive member of society.

[4:07:48 PM](#)

SCOTT CALDER, SELF, FAIRBANKS (via teleconference), testified against the funding for OCS workers. He felt that parents should provide input to a citizens review panel, in order to review the cases twice a year.

[4:09:57 PM](#)

KAREN TABER, REPRESENTATIVE, FAIRBANKS WELLNESS COALITION, FAIRBANKS (via teleconference), spoke in support of funding for addiction prevention programs. She shared that she had a brother who she had lost to suicide. She spoke in support of funding for behavioral health programs. She remarked that without mental health programs, issues could lead to suicide or addiction. She remarked that the treatment and prevention services were essential to the state's overall health.

[4:12:21 PM](#)

JEFF BENOWITZ, SELF, FAIRBANKS (via teleconference), spoke in support of adding a faculty member to the UA Board of Regents. He felt that the staff and faculty at UA should

have more input about the actions of UA. He stated that faculty was best suited to direct appropriation and use of funds.

[4:14:42 PM](#)

ROSE LOERA, CITY MANAGER, CITY OF DILLINGHAM (via teleconference), testified in support of additional revenue to the state. She did not feel that taxing municipalities was a proper solution. She remarked that the City of Dillingham was facing increasing budget deficits. She remarked that there were efforts to increase the revenue for Dillingham. She stressed that the cost to run the landfill was nearly \$700,000 per year.

[4:17:17 PM](#)

AT EASE

[4:46:46 PM](#)

RECONVENED

INGRID S. RAMOS-ANSAKNOK, MARRULUT ENIIT GRANDMA'S HOUSE ASSISTED LIVING, DILLINGHAM (via teleconference), spoke in support of funding for assisted living centers. She remarked that her facility provided services to all of Bristol Bay. She stated that there was grant that had been issued to help keep the facility open. She remarked that there was success in supporting a staff of young women with children and elders.

[4:49:47 PM](#)

DON I. GRAY, SELF, FAIRBANKS (via teleconference), spoke in support of the committee examining Wall Street's role in providing money to the state. He noted the large budget cuts since 2013. He stressed that revenue was essential such as the Permanent Fund earnings, sales tax, and a graduated income tax. He felt that there could be an income tax based on a percentage of the income tax paid to the federal government. He urged the committee to consider additional revenue and continued budget cuts.

[4:52:42 PM](#)

PERRY AHSOGEAK, BEHAVIORAL HEALTH DIRECTOR, FAIRBANKS NATIVE ASSOCIATION, FAIRBANKS, testified in support of funding for behavioral health treatment programs. He

stressed that the programs his center provided were directed at both native and nonnative participants. He shared that there were currently 50 people on the waitlist, and remarked that the recent crime bill's passage had increased the waitlist. He also remarked that there was an added safety issue, because of the passage of the crime bill. He urged the committee to continue funding for the center.

Vice-Chair Gara remarked that DHSS had asserted that programs were leveraged by federal funds. He wondered if there was a cut to behavioral health programs. Mr. Ahsogeak replied that it was based on Medicaid funding. He stressed that every consumer was provided with the opportunity to apply for funding resources. He stated that many of the consumers were transient people, so it was difficult to follow up with those individuals. He stressed that it was not viable to assume that Medicaid would offset those costs.

Vice-Chair Gara noted that the expansion funds were available, but it was difficult to ensure that the individuals would receive those funds. Mr. Ahsogeak replied that the state did not have adequate staff to process those applications. He added that there was also no way to contact many of those individuals.

[4:57:21 PM](#)

Representative Wilson queried more safety issues that may not have existed before the crime bill. Mr. Ahsogeak replied that some individuals were assaulting staff and bringing drugs into the facilities.

Representative Wilson surmised that the people were arriving directly from the prison or jail to the treatment center. Mr. Ahsogeak agreed.

Representative Guttenberg stated that the testifier did a great job speaking.

[4:59:41 PM](#)

AT EASE

[5:33:36 PM](#)

RECONVENED

[5:34:02 PM](#)

BILL HIBLER, FACULTY, UNIVERSITY OF ALASKA FAIRBANKS, FAIRBANKS (via teleconference), spoke in support of funding for the University of Alaska Fairbanks. He stressed that the University of Alaska Fairbanks is a world renowned polar research center. He stressed that the maintenance of the facility was essential for success. He remarked that research facility was tasked with collected its own revenue.

[5:36:31 PM](#)

AT EASE

[5:45:01 PM](#)

RECONVENED

[5:45:21 PM](#)

ROSALIE REIN, SELF, FAIRBANKS (via teleconference), spoked in support of funding for personnel in OCS. She shared that there was a remarkably high case load in the local OCS office. She stressed that workers who could not provide adequate attention to families resulted in neglected children. She remarked that staffing was directly tied to families and one another. She stressed that the small staff put a strain on the current workers. She remarked that there was less support of families and children.

HB 57 was HEARD and HELD in committee for further consideration.

HB 59 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[5:48:50 PM](#)

The meeting was adjourned at 5:48 p.m.