

HOUSE FINANCE COMMITTEE  
March 26, 2019  
5:33 p.m.

5:33:14 PM

CALL TO ORDER

Co-Chair Wilson called the House Finance Committee meeting to order at 5:33 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Tammie Wilson, Co-Chair  
Representative Jennifer Johnston, Vice-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Ben Carpenter  
Representative Andy Josephson  
Representative Bart LeBon  
Representative Kelly Merrick  
Representative Colleen Sullivan-Leonard  
Representative Cathy Tilton

MEMBERS ABSENT

Representative Gary Knopp

ALSO PRESENT

Representative Grier Hopkins

PRESENT VIA TELECONFERENCE

George Matz, KBCC Community Council, Homer; Meg Mitchell, Self, Homer; Susan Amundson, Self, Homer; Jillian Lush, Self, Homer; Janis Johnson, Self, Valdez; Patricia Relay, Self/Parent, Valdez; Maureen Radotich, Self/Parent, Valdez; Rayce Wittner, Middle School Student, Wasilla; James Squyers, Self, Deltana; Kim Phillips, Self, Haines; William Lambert, Self, North Pole; Heidi Ostby, Pediatric Dentist, Anchorage; Nicki Shelton, Self, Hoonah; Eric Muench, Self, Ketchikan; Jennifer Eudnk, Self, Kodiak; Lee Hart, Self, Anchorage; Kevin Walker, Self, Homer; Sara Caldwell, Self, Juneau; George Paul, Self, Wasilla; Vikky Jo Kennedy, Self, Kodiak; Samantha Kirstein, Fairbanks Community Food Bank,

Fairbanks; Charles McKee, Self, Anchorage; Kathryn Carsow, Self, Homer; Carol Sord, Self, Homer; Emily Mesch, Self, Juneau; Albert Ningeulook, Self, Shishmaref; Libby Dalton, Self, Fairbanks; Stephanie Cronin, Self, Seward; Christine Hutchison, Self, Kenai; Eric Leusch, Self, Stebbins; Donald Westlund, Self, Ketchikan; Kira Rafuse, Self, Anchorage; Margaret Mackie, Self, Anchorage; Gene Therriault, Fairbanks Community Food Bank, Fairbanks; William Harrington, Self, Anchorage; Stephen Gough, Self, Fairbanks; David Hurn, Self, Prudhoe Bay; Libby Stortz, Self, Sitka; Susan Litman, Self, Sitka; Monica Eastham, Self, Sitka; Sara Beaber Fujioka, Self, Sitka; Gary Damron, Self, Fairbanks; Chris Villano, Self, Fairbanks; Melanie Engram, Self, Fairbanks; Edward Alexander, Tanana Chiefs Conference, Fairbanks; Katherine Prussian, Self, Sitka; Jacqueline Foss, Self, Sitka; Amy Sweeney, Self, Sitka; Renee Trafton, Self, Sitka; Zoe Trafton, Middle School Student, Sitka; Amelia Budd, Self, Sitka; Patricia Dick, Self, Sitka; Math Trafton, Self, Sitka; Ariel Starbuck, Self, Sitka; Beth Short-Rhoads, Self, Sitka; Marshall Severson, Self, Anchorage; Karen Cameron, Self, Anchorage; Dianne Macrae, Self, Kenai; Stephanie Berglund, Thread, Anchorage; Dirk Shumaker, Executive Director, Kid's Corps, Anchorage; Ghert Abbott, Self, Ketchikan; Ed Zastrow, Self, Ketchikan; Nile Hamaker, Self, Anchorage; Katie Botz, Self, Juneau; Paula Martin, Self, Homer; Karen Perry, Self, Chugiak; Jaylene Peterson-Nyren, South Central Foundation, Anchorage; Matthew Heller, Self, Fairbanks; Shoshana Kun, Self, Fairbanks.

#### SUMMARY

HB 39            APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 39 was HEARD and HELD in committee for further consideration.

HB 40            APPROP: MENTAL HEALTH BUDGET

HB 40 was HEARD and HELD in committee for further consideration.

Co-Chair Foster discussed the agenda and the timing for public testimony.

#hb39

#hb40

HOUSE BILL NO. 39

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; 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. 40

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

[5:35:07 PM](#)

Co-Chair Foster provided detail about the public testimony process.

^PUBLIC TESTIMONY: HOMER, DELTA JUNCTION, GLENNALLEN, TOK, VALDEZ, WHITTIER, HEALY, and OFF NET

[5:37:00 PM](#)

GEORGE MATZ, KBCC COMMUNITY COUNCIL, HOMER (via teleconference), spoke in support funding for the of the University. He referenced the governor's proposed 41 percent cut and stressed it would be devastating to the University. He referenced the multiplier effect of money received by the University. He asked for \$60,000 to \$70,000 for the Kachemak Bay Research Reserve, which would be used as a matching grant for NOAA funds. The money would bring in a \$703,800 grant, which was a 10 to 1 return for the state. The money was spent on ground water studies, fisheries research, and other.

[5:39:43 PM](#)

MEG MITCHELL, SELF, HOMER (via teleconference), shared that she had worked as a case manager for people with disabilities for 28 years. She stressed opposition to cuts to Medicaid, especially adult preventative dental care services. She believed the governor's budget would cut all

healthcare Medicaid services for adults including senior and disabilities Medicaid, behavioral health Medicaid, and more. She underscored the cuts were the wrong thing to do for Alaska. She was strongly opposed to cuts to the senior benefits program. She did not support cutting Medicaid for the state's most vulnerable Alaskans. She questioned the governor's actions. She supported working together and taxing the oil companies.

[5:42:27 PM](#)

SUSAN AMUNDSON, SELF, HOMER (via teleconference), thanked the Department of Education and Early Development (DEED) subcommittee for restoring funding for early education programs including Head Start, Best Beginnings, and Parents As Teachers. She discussed that the budget made substantial cuts but did not look at revenues. She believed in a lean system, but not a gutted system. She characterized basic expenses for education and Medicare as civil rights. She stressed it was the moral responsibility to take care of the state's vulnerable populations. She discussed the importance of considering revenues. She stated that the PFD was an entitlement, not a right. She thought oil tax credits needed to be lessened. She supported considering a personal income tax. She thanked the committee for the opportunity to testify.

[5:44:58 PM](#)

JILLIAN LUSH, SELF, HOMER (via teleconference), thanked the DEED subcommittee for restoring funds for early childhood education including Head Start, Best Beginnings, Parents As Teachers, and more. She asked the committee to consider economic research showing the high return on investment for prenatal and early childhood services. She stressed the state could not afford to cut the services. She opposed the governor's proposed cuts to Medicaid. She detailed that Medicaid helped Alaskan seniors, children, people with disabilities, and families. She believed it was a moral and economic issue. She shared that Medicaid for women and children had dramatically reduced child mortality rates. She asked the committee to consider what kind of state residents wanted to raise their children in.

[5:46:53 PM](#)

JANIS JOHNSON, SELF, VALDEZ (via teleconference), addressed support for the University - she believed the state would be shooting itself in the foot without a strong University. She opposed cuts to Medicaid, behavioral health, and senior and disability services. She was against cuts to education and the Alaska Marine Highway System (AMHS). She urged looking at other revenue sources including taxing oil companies and an income tax. She believed the PFD should be cut and was an entitlement, which she disagreed with. She thought only cutting would devastate the economy. She considered that selling ferries and terminals indicated no intention of ever bringing the services back. She emphasized it would be devastating to rural Alaska.

[5:49:49 PM](#)

PATRICIA RELAY, SELF/PARENT, VALDEZ (via teleconference), testified in opposition to the governor's proposed drastic cuts to the University. She stressed the importance of fighting for quality education during tight fiscal times. She emphasized that an educated community was a united community. She spoke to the University's role in educating a skilled workforce and participating in world class research. The University had a long-term impact on the state's economy. Cumulative reductions to the University's budget in the past few years had exceeded over \$195 million and had resulted in cuts to academic programs and jobs. The proposed tuition hike unfairly placed the financial burden on the backs of students. She thought cutting the University's budget by 40 percent was reckless. She stressed that education was of the utmost importance.

[5:52:10 PM](#)

MAUREEN RADOTICH, SELF/PARENT, VALDEZ (via teleconference), spoke in support of K-12 and University education. She shared information about her personal life and family. She stressed the importance of a strong education system for the state. She shared that the University had made the most economic sense for her family when compared to out-of-state schools. She underscored the quality education provided by the University. She wanted to keep youths in-state for education, which would keep them in Alaska for the long-run.

[5:54:00 PM](#)

RAYCE WITTNER, MIDDLE SCHOOL STUDENT, WASILLA (via teleconference), shared information about serious problems facing youths in Alaska. She shared that she had friends who had been sexually abused by family members and others who had been physically abused or were uncared for by family. She shared personal details about her experience with sexual assault at a young age. She detailed that by the time young people reached middle school they learned to keep abuse a secret. She asked members whether they had to take time off work when impacted by crime. She elucidated that youths were expected to go to school and perform well; when that did not happen, teachers were blamed. She emphasized that it was impossible to learn with such distractions. She pointed out school was more than just budgets and test scores. She stressed that school was a place some youths received a warm meal and to learn social behavior when facing violence and substance abuse at home. She had faith the legislature would do what was right for Alaskans, including the youngest residents.

[5:56:37 PM](#)

JAMES SQUYERS, SELF, DELTANA (via teleconference), supported the governor's budget. He did not support a reduced PFD. He thought it was necessary to structurally down build society. He believed maintaining the current level of spending was unsustainable. He supported a smaller government that allowed the state to live within its means.

[5:58:44 PM](#)

KIM PHILLIPS, SELF, HAINES (via teleconference), spoke in support of early childhood development. She thanked the DEED subcommittee for reinstating funds to early childhood programs including Best Beginnings, Parents As Teachers, and Head Start. She referenced a program by Best Beginnings to help literacy in young babies. She addressed benefits of the programs. She spoke to the programs that build adult trust with children. She recalled meeting a young couple with a six-week-old daughter who wanted to learn about the program. She had explained the importance of reading to babies. She recalled working with families and children fondly.

[6:03:52 PM](#)

WILLIAM LAMBERT, SELF, NORTH POLE (via teleconference), supported the governor's proposed budget. He believed all Alaskans should receive a full PFD. He suggested looking long-term and stated it fell on the individuals managing the departments. He stated that a 33 percent graduation rate at the University was a disgrace. He believed those running the University system had failed. He supported past efforts by Co-Chair Wilson to cut the budget. He fully supported the proposed cuts by the governor.

Co-Chair Wilson thanked Mr. Lambert.

6:07:42 PM

HEIDI OSTBY, PEDIATRIC DENTIST, ANCHORAGE (via teleconference), testified in support of funding for Medicaid. She discussed the high rate of cavities in children. She provided statistics about Alaska Native children and all kindergartners. She provided information about the work she performed annually. Approximately 83 percent of the cases she saw were on Medicaid. She stressed that if reimbursement rates were cut it would be financially impossible to treat the same number of children. She stated that limiting the number of patients would be devastating for children who were already experiencing difficult life circumstances. The proposed cuts would offer short-term savings, but long-term damage. She stressed that Alaska was dealing with epidemic levels of dental needs in youth. The reimbursement rates were still not high enough to keep the hospitals open. She noted that surgery cases were already booked two to three months out. She believed more cuts would result in getting kicked out of surgery centers and children would have nowhere to go.

6:12:10 PM

NICKI SHELTON, SELF, HOONAH (via teleconference), spoke in support of funding for early learning programs including Parents As Teachers. She was grateful to the DEED subcommittee for restoring early learning education funds. She shared that she had taught in Hoonah for 20 years. She discussed that children's success with reading was clearly correlated with their experiences with books in early life. She shared that the Imagination Library and loans from the early learning programs were the only resources for books in young children's homes. She stressed that decreases in

early learning programs would have devastating impacts on young children. She reasoned the cost necessary for remedial reading programs would be much higher than providing early learning support. She pointed out that early learning programs regularly screened for developmental delays. Early intervention services allowed issues to be addressed early. She underscored that children received one shot at early years. She supported an income tax to increase the revenue side of the budget.

[6:14:42 PM](#)

ERIC MUENCH, SELF, KETCHIKAN (via teleconference), discussed that the state budget had been cut for the past several years. He did not support the governor's proposed cuts, which he believed would cause a major recession in parts of Alaska. He supported limiting the PFD to a modest amount. He pointed to low oil revenues as the source of the state's budget problems. He stated that the Alaska problem was no broad-based revenue source. He pointed out that only eight other states had no income tax and only four other states had no statewide sales tax. He expounded that all of those states had either an income or state sales tax. He supported a modest income tax.

Vice-Chair Ortiz thanked Mr. Muench for calling in.

[6:17:05 PM](#)

JENNIFER EUDNK, SELF, KODIAK (via teleconference), shared that she was from Sand Point, Alaska and had been teaching for over 20 years. She was very disappointed in the idea that cutting everything was the solution. She supported either a state income or sales tax. She opposed the entire proposed budget, especially cuts to public radio, AMHS, and education. She detailed it was hard enough finding teachers to come to Alaska without more cuts to the system. She stressed it was impossible to get qualified teachers. She thought the idea that a competent education system would be maintained if cuts were made was outlandish. She believed the PFD could be smaller. She supported a strong University. She supported full funded education.

[6:20:51 PM](#)

LEE HART, SELF, ANCHORAGE (via teleconference), spoke against the deletion of snow mobile and trails grant

program. She supported HB 23 that would increase [snow mobile registration fees]. [Note: testifier call was dropped; her testimony resumed at 6:31 p.m.]

Co-Chair Foster noted they would return to Ms. Hart.

6:22:03 PM

KEVIN WALKER, SELF, HOMER (via teleconference), supported a reduction in oil tax credits to enable full funding of the operating budget. He was in favor of a progressive income tax that could tap into the pay of out-of-state workers who were currently not taxed by Alaska. He supported a cut to the PFD. He reasoned it was possible to work with a 1 percent reduction per year to almost anything, including the governor's budget. He supported AMHS, education, recreational trails, and grants for snow machines and other recreational vehicles.

6:23:36 PM

SARA CALDWELL, SELF, JUNEAU (via teleconference), testified in support of the University. She had worked for UAS for 16 years. She shared information about programs. She had difficulty with the governor's proposed budget. She was against proposed cuts to AMHS and the University. She stressed that the proposal would require closing some University campuses. She supported a revenue source such as an income and/or sales tax. She hoped to have new revenue funding in place soon.

6:26:33 PM

GEORGE PAUL, SELF, WASILLA (via teleconference), testified in support of the governor. He was in favor of full PFDs. He discussed that when former Governor Jay Hammond had come up with the PFD plan to invest in the people of Alaska. He underscored that the PFD was not merely a gift to residents. He recalled a teacher stating that government was the art of compromise. He suggested adding the departments to the Pick.Click.Give program for residents to choose to donate their PFD to what they wanted. He suggested not filing for a dividend if people wanted it to remain in the state's Permanent Fund. He had disagreed when former Governor Bill Walker and the legislature had used funds from the Permanent Fund. He suggested getting rid of the legislature's private chef and making other reductions.

[6:31:19 PM](#)

Ms. Lee Hart continued her earlier testimony. She was part of a coalition of nonprofits and state businesses in the outdoor recreation industry. She spoke in support of the reinstatement of funds for the snowmobile trails grant program. She explained the grant had been cut for unknown reasons - the program was self-sufficient and provided a cost savings to the government. The program enabled snow machines to respond to emergencies in the wilderness. She was in favor of HB 23, which would increase the snow machine license fee. She noted she had also submitted written testimony.

[6:33:53 PM](#)

VIKKY JO KENNEDY, SELF, KODIAK (via teleconference), suggested using funds from the Alaska Aerospace Corporation. She thought the legislature could put the funds where they were needed for things like education. She supported the governor.

Co-Chair Wilson remarked that she did not have the DMVA budget and relayed that the Alaska Aerospace Corporation no longer received any state funds.

[6:38:44 PM](#)

SAMANTHA KIRSTEIN, FAIRBANKS COMMUNITY FOOD BANK, FAIRBANKS (via teleconference), thanked the DHSS subcommittee for restoring funds for the human services community matching grant funds. She reported that in recent years the total state funds allotted for the grant in the Fairbanks Northstar Borough had been approximately \$271,000. The funds had been locally matched by \$118,000 to meet basic human needs. She stated that the most any of the agencies could receive was \$20,000 from the state and \$10,000 from the borough. The current year funds provided over 325,000 meals to citizens in the Tanana Valley. She spoke about donations of food that would otherwise go to waste. She spoke about the savings provided.

Representative LeBon thanked Ms. Kirstein for her testimony.

[6:41:36 PM](#)

CHARLES MCKEE, SELF, ANCHORAGE (via teleconference), discussed an individual who had quit her job because she had been offered a job with an insurance company to decline worker's compensation coverage. He provided background. He noted there was employee dishonesty. He stated that judges were all employees. He discussed the state as a sovereign. He referenced operating off of bonds.

[6:48:11 PM](#)

KATHRYN CARSSOW, SELF, HOMER (via teleconference), was opposed to the governor's budget. She shared personal information about her history and family. She shared that she had been outside a governor's meeting in Kenai the night before and could not get in. She thought it was a mistake that the past income tax ended and supported a new income tax. She supported a reduction to the PFD. She was upset that the Senate did not act on the four pillar plan passed by the House the previous year. She supported a broad-based tax. She supported taxing oil companies appropriately. She was worried about the state and a continuing recession.

[6:52:19 PM](#)

CAROL SORD, SELF, HOMER (via teleconference), spoke in opposition to education cuts. She stressed that the wound would not heal in those children's lives who did not receive an education. She spoke to the importance of caring for the state's environment and natural beauty. She implored the committee to look at what the state needed and to keep the state strong. She believed most individuals would be willing to pay a small income tax in order to pay for services.

[6:54:51 PM](#)

EMILY MESCH, SELF, JUNEAU (via teleconference), spoke in strong opposition to cuts to AMHS; she had only been able to relocate to Juneau because of the ferry system. She was new to Alaska and wanted to remain in the state. She could not imagine the damage that would be done to the state as a whole if the ferry system was eliminated. She needed to rely on the state's infrastructure and thought it was irresponsible to dismantle the state's ferry system, university system, and education system. She characterized

the proposed cuts as arcane and did not believe it was necessary to get rid of things that worked.

Co-Chair Foster provided the public testimony email address.

[6:56:59 PM](#)

ALBERT NINGEULOOK, SELF, SHISHMAREF (via teleconference), thanked the committee for its work. He wished the governor would take time to visit the state's villages on his current "roadshow" on the budget. His primary concern was related to education; he was opposed to major cuts to the education system. He testified in support of the Village Public Safety Officer (VPSO) program and senior benefits.

[6:58:10 PM](#)

LIBBY DALTON, SELF, FAIRBANKS (via teleconference), shared that she had lived in Alaska during a time of dirt roads. She supported fully funding the University, but not at the current level. She remarked that the permanent fund dividend (PFD) belonged to all Alaskans. She felt that the University budget was already "bloated." She remarked that downtown Fairbanks was full of vacant buildings, because of the recession. She shared that Dr. William Wood was the president of the University of Alaska from 1960 to 1973. During his tenure, the campus grew significantly. The enrollment grew from fewer than 1000 students, to more than 10,000 statewide. She remarked that Dr. Wood did not have any oil money, but he was a visionary. She stated that Dr. Wood became the mayor of Fairbanks and helped create Fairbanks Memorial Hospital. She felt that the University was currently too heavy with administration.

Representative Josephson wondered whether Ms. Dalton wanted to fully fund the University.

Ms. Dalton replied in the negative. She felt that the University needed to make some cost reductions.

[7:04:21 PM](#)

STEPHANIE CRONIN, SELF, SEWARD (via teleconference), spoke against the budget. She felt that education money should not be competing against the PFD. She understood that

people wanted "free money," but not at the expense of the future of the kids and the state.

[7:04:55 PM](#)

CHRISTINE HUTCHISON, SELF, KENAI (via teleconference), spoke in support of cutting the budget. She remarked that there was a framework to work within. She felt that the salaries for the university chancellors were too high. She urged the committee to focus on high school graduation. She felt that the PFD was the private property owners of Alaska. She felt that the PFD should be fully restored, because it was a violation to decrease the PFD.

Representative Carpenter thanked Ms. Hutchinson for her testimony.

[7:08:50 PM](#)

ERIC LEUSCH, SELF, STEBBINS (via teleconference), spoke in support of fully funding the PFD. He remarked that Stebbins was a poor community, and many people relied on the PFD for fuel and hunting supplies. He felt that the state should return the mineral rights to the people, if the state continues to use PFD money.

^PUBLIC TESTIMONY: FAIRBANKS, ANCHORAGE, KETCHIKAN, SITKA and OFF NET

[7:10:39 PM](#)

DONALD WESTLUND, SELF, KETCHIKAN (via teleconference), spoke in support of funding the AMHS He felt that all of Alaska benefitted from a robust marine highway system. He spoke in support of the Tustumena replacement project. He noted that the money was transferred to the Interior. He spoke in support of former Governor Bill Walker's budget. He stressed that the state government required funding from the people.

[7:13:50 PM](#)

KIRA RAFUSE, SELF, ANCHORAGE (via teleconference), testified against the proposed cuts to public education. She felt that the reductions would decimate the classrooms and felt that the increase in class sizes was unacceptable. She remarked that it was possible to have a reasonable PFD

and an adequate education system. She felt there should be provisions for those who live in Alaska.

7:16:07 PM

MARGARET MACKIE, SELF, ANCHORAGE (via teleconference), spoke in support of funding education. She did not want to be a teacher in a class for more than 40 children. She remarked that children were the future. She understood that cuts need to occur but remarked that there needed to be an opportunity to be a good teacher.

7:17:14 PM

GENE THERRIAULT, FAIRBANKS COMMUNITY FOOD BANK, FAIRBANKS (via teleconference), testified in support of the Department of Health and Social Services (DHSS) House Finance Subcommittee recommendations to continue funding for the community matching grants. The statutory authority for the matching grant was enacted by the Alaska Legislature in 1992. The program funds were now available to entities in Anchorage, Mat-Su, and Fairbanks. The available funds were allocated through a population-based mechanism. The funds must be increased at the local level by a required 30 percent match. The local governments must also commit to spending more than 5 percent of the funds to further disperse the funds through a competitive application process to nonprofits that provide a documented essential service as defined by Alaska law. He remarked that, during his tenure in the legislature, his colleagues and he struggled with the volatile oil market. He remarked that efforts were made to preserve the human services grant funds as a means of providing essential services through a community-based entity.

7:19:55 PM

WILLIAM HARRINGTON, SELF, ANCHORAGE (via teleconference), stated that he was on a pension and Social Security, so he would pay more tax out of pocket. He felt that the rich would get richer, and the poor would get poorer. He felt that those who not file Schedule A taxes at the federal should be exempt from the possible state tax.

7:21:57 PM

STEPHEN GOUGH, SELF, FAIRBANKS (via teleconference), felt that the PFD was the best way to distribute the wealth to everyone equally. He agreed with the previous testifiers, who needed the PFD to support their lives. He did not think that the state should spend money from the PFD to bail it out of its own spending. He supported the governor's cuts and did not believe an income tax would fix the budget deficit.

[7:23:56 PM](#)

DAVID HURN, SELF, PRUDHOE BAY (via teleconference), spoke in support of the PFD, and urged the committee to take an economics class to balance the budget. He felt that the government was running into the ground. He stressed that the government works for the people. He remarked that education was worse than it was previously.

[7:25:40 PM](#)

LIBBY STORTZ, SELF, SITKA (via teleconference), spoke in support of taxes, and remarked that oil was not the future. She felt that the fiscal problems could be addressed by repealing the oil tax credit and reinstating a progressing income and education tax. She felt that the taxes must include nonresidents. She felt that Alaska needed to pay taxes like the rest of the country. She remarked that there needed to be development and promotion of a non-resource based economy that supported healthy oceans, climate, soil, and the connection to the land. She remarked that many did not need the PFD. She felt that the PFD was created as a "rainy day" fund, and not an entitlement. She recognized that some people relied on the PFD, so there should be sufficient aid to those people to thrive. She stressed that all the communities relied on solid social and economic stability to keep and bring people to Alaska. She felt that there should be fully funded schools, good health care, museums, community service, public safety, healthy fish runs regulated with subsistence in mind, and a clean environment. She stressed that the Southeast communities required ferry services, like the road system required roads. She felt that the native and rural communities deserved protection. She remarked that the wilderness, including nonhuman inhabitants and the Alaska National Wildlife Refuge (ANWR) needed management and protections.

[7:28:11 PM](#)

SUSAN LITMAN, SELF, SITKA (via teleconference), spoke against the governor's budget. She felt that the budget would cripple the communities and set the state on a downward spiral. She stated that the proposed budget would cause a swift economic meltdown. She felt that, even if a new governor would reverse the actions of the current governor, it would take years to recover. She remarked that implementing the governor's budget was certain to cause a mass exodus from the state. She shared that in Sitka, 25 teachers and their families would be lost. She remarked that families were already prepared to move to states that valued educations. She stated that local businesses would lose money, because of the smaller populations. She felt that the PFD would not begin to make up for the loss of business in the rest of the year.

[7:30:00 PM](#)

MONICA EASTHAM, SELF, SITKA (via teleconference), spoke in support of a state income tax. She testified against the retro payment of the PFD. She spoke in support of repealing the oil company tax credits. She testified against the proposed reductions to the Pioneer Home. She supported a modest PFD, if the state was able to support it. She spoke in support of funding the AMHS.

[7:31:59 PM](#)

SARA BEABER FUJIOKA, SELF, SITKA (via teleconference), supported an income tax, reducing oil tax credits, and a moderate PFD. She stated that the Permanent Fund had been implemented to provide funds for state government when oil revenue decreased. She suggested it was the time to use the earnings in a sustainable way. She opposed the cuts to Head Start, K-12 education, the University, Medicaid, the Pioneer Homes, and the AMHS. She stressed the need for strong public schools and University to educate the state's next generation of professionals. She underscored the importance of maintaining funding for Medicaid, the Pioneer Homes, and the AMHS. She pointed to Article 7 of the Alaska Constitution specifying that Alaska shall maintain a system of public schools open to all children, provide for the promotion and protection of public health, and provide for the public welfare.

[7:33:58 PM](#)

GARY DAMRON, SELF, FAIRBANKS (via teleconference), spoke against private prisons. He shared information about working for the Department of Corrections and Alaska State Troopers. He was not supportive of changes that past crime legislation (SB 91) had made to the criminal justice system. He spoke about high recidivism rates. He detailed information about injuries he had sustained on the job. He did not support putting a large number of prisoners in halfway houses and community residential centers. He urged the committee to oppose the privatization of prisons. He found it morally reprehensible for a corporation to profit off another citizen's misfortune. He discussed that more offenders would be released into neighborhoods without adequate supervision. He spoke to the long-term costs of sending prisoners out of state, which would drain local economies and result in more dangerous citizens returning to Alaska.

[7:37:30 PM](#)

CHRIS VILLANO, SELF, FAIRBANKS (via teleconference), testified against the proposed reductions to education. She felt that the cuts would result in suffering. She believed education, health, and welfare should be the main priority of the legislature. She shared that she had been a teacher, and the large class sizes were chaotic. She remarked that quality teachers were more difficult to obtain and attract. She felt that Alaska was not a currently welcoming place to live. She stressed that teaching was an extremely difficult. She shared a personal anecdote about her experience with a student with adverse childhood trauma, who did not receive the attention that was required to give him a proper education and guidance. She highlighted that support for education resulted in students thriving in many ways other than standardized testing.

Representative LeBon thanked Ms. Villano for taking the time to share her thoughts with the committee.

[7:42:00 PM](#)

MELANIE ENGRAM, SELF, FAIRBANKS (via teleconference), stated she had seen more state money wasted scrambling to reorganize when oil prices fell. She believed it was time for the state to get off the "oil price roller coaster." She reasoned it was foolish to run a state government on

the price of one commodity. She supported the implementation of a state income tax. She noted that the state never saw any money from seasonal workers coming from out-of-state. She asked the state to implement a small income tax and give a larger PFD. She stressed the importance of the PFD. She urged the committee to consider alternative revenue. She supported increased taxes on the oil companies. She did not support the governor's proposed budget.

Co-Chair Foster acknowledged Representative Grier Hopkins in the audience.

[7:44:13 PM](#)

EDWARD ALEXANDER, TANANA CHIEFS CONFERENCE, FAIRBANKS (via teleconference), spoke in opposition to the governor's proposed budget. He addressed how cuts would impact rural schools. He detailed that the costs in most rural schools could not be altered, meaning the proposed cuts would hit teachers directly. Some districts were looking at reductions of 50 percent or more in their number of faculty, considering waivers to shorten their school calendar, and more. He discussed other proposals that would hurt rural Alaska such as jeopardizing federal matching dollars for e-rates, cutting Head Start funding, shifting bonding and debt responsibilities back to boroughs, and the termination of the Power Cost Equalization (PCE). He referenced a Tanana Chiefs Conference whitepaper titled "Alaska's Educational Crisis," which he would provide to the committee. He spoke in support of full funding for the University. He highlighted that it was imperative to have training available to have qualified healthcare personnel in rural Alaska.

[7:47:23 PM](#)

KATHERINE PRUSSIAN, SELF, SITKA (via teleconference), spoke against the cuts to the AMHS, education, social services, and natural resource management. She did not support a supplemental PFD. She appreciated her PFD but did not depend on it or feel she deserved it. She relied on the AMHS and had recently used the ferry to visit Juneau to expose her kids to state government. She also used the ferry to shop in Juneau for items she could not purchase in Sitka. She supported a state income tax to maintain healthy and safe communities, to educate children in public

schools, to feed the poor, to manage the state's natural resources, and to maintain the highways.

Senator Olson thanked Ms. Prussian for her testimony.

[7:48:42 PM](#)

JACQUELINE FOSS, SELF, SITKA (via teleconference), shared that she was a fisherman and a parent of two kids. She paid raw fish tax that came back to the community, which she supported. She did not support the use of the raw fish tax for activities outside of her community. She did not support the proposed cuts to education funding. She would support using the raw fish tax to fully fund DFG for the purpose of sound management. She supported adequate funding of the state's schools and not the governor's proposed budget. She supported a modest, graduated income tax and a modest PFD.

[7:50:50 PM](#)

AMY SWEENEY, SELF, SITKA (via teleconference), opposed the extreme cuts in the governor's budget. She spoke in support of an income tax. She did not support the back pay of PFDs. She believed the governor's budget cut too much into essential services such as K-12 education, the University, Medicare, and AMHS. She believed Alaska should take steps to fund state government like other states with a graduated state income tax. She also supported the payment of a modest PFD. She felt that the cuts were draconian and would force people to leave the state. She stressed that voters did not know what having full PFDs and back pay PFDs would mean in terms of cuts and other changes such as the fish tax and school bond debt reimbursements. She was willing to pay an income tax and forego her entire PFD in order to pay for essential services.

[7:53:01 PM](#)

RENEE TRAFTON, SELF, SITKA (via teleconference), spoke against the proposed reductions to education. She was a small business owner in Sitka. She stressed the governor's proposed cuts were catastrophic. She noted there had already been cuts over the past several years and her daughter's middle school had eliminated its librarian position. She relayed her children attending the University were concerned about its potential loss in funding. She

underscored that the proposed cuts would permanently damage the education system and would cripple opportunity for the next generation of Alaskans.

[7:54:17 PM](#)

ZOE TRAFTON, MIDDLE SCHOOL STUDENT, SITKA (via teleconference), testified against the proposed budget cuts. She expressed concern for her teachers, especially elective teachers. She highlighted the importance of band class and noted the teacher was not tenured. She underscored that schools needed five-day school weeks and classrooms of 20 students, not four-day weeks with 40 students per class. She wanted to study engineering at UAF but noted the program may go away if the governor's cuts were passed. She detailed that she may have to attend college out-of-state if that happened.

[7:55:08 PM](#)

AMELIA BUDD, SELF, SITKA (via teleconference), spoke against the governor's proposed budget. She thanked committee members for their service to Alaska. She shared that she had grown up in Southeast Alaska and had worked in social services and education most of her career. She shared that she had attended Mount Edgecumbe High School and had a graduate degree from the University of Alaska. She shared that she had a daughter who was about to enter the school system and a parent in the local Pioneer Home. She urged the committee to support funding for pre-K, K-12, the University, the Commission on Postsecondary Education, 65 by '25 workforce development goals, AMHS, the Pioneer Homes, public broadcasting, and other needed services. She felt that the governor's budget was like a "slap in the face." The budget would devastate Alaska's economy, and its quality of life. She shared that the administration was giving residents a false premise that there were two choices - a full PFD or funding for services. She believed both were possible. She suggested that nonresident workers who accounted for over 20 percent of the state's workforce should be paying taxes on their often profitable seasonal jobs. She spoke in support of a broad-based income tax, a reduced PFD, and a reduction in oil tax credits.

[7:57:15 PM](#)

PATRICIA DICK, SELF, SITKA (via teleconference), testified against the governor's proposed budget. She shared that all of her children and grandchildren worked hard and lived in Sitka. She reported that the governor had not been able to provide specifics about the impacts of the proposed budget. She believed the governor was grasping at straws for solutions. She remarked that Alaskans had worked hard to achieve their goals. She felt that the governor did not understand the challenges of educators in the state. She referenced the governor's recent remarks about his ability to line item veto parts of the budget. She reminded the governor that he had taken an oath to uphold the Alaska Constitution, which guarantees state-supported education. She urged the legislature to support education.

[7:59:12 PM](#)

MATH TRAFTON, SELF, SITKA (via teleconference), spoke against the governor's budget. He had heard a Talk of Alaska report earlier in the day where the governor had dismissed all of the actions communities had taken in reaction to his proposed budget cuts. He found the governor's claim that those opposed to his cuts were special interest groups very insulting. He stressed that everyone would be impacted by the cuts to the budget. He pointed to the proposed drastic reductions to public schools, health services, universities, local governments, transportation, public broadcasting, and more. He stressed his opposition to the proposed budget, which he believed was amoral. He stated the governor seemingly wanted to withdraw support for those who need it most. He remarked that he was an average Alaskan, and he understood the need to balance the budget. He stated that there were many other options to balance the budget. He spoke in support of repealing the oil tax credits, a progressive state income tax, funding for alternative energy sources, and a more modest PFD.

[8:01:25 PM](#)

ARIEL STARBUCK, SELF, SITKA (via teleconference), testified against the budget. She detailed that the budget would deeply impact her friends, neighbors, family, and residents statewide. She felt that the budget would result in a mass exodus from the state. She supported a progressive state income tax; however, she had received a letter from Senator Natasha von Imhof stating she did not support an income tax

while the state was handing out a four digit PFD. She supported a modest PFD. She wanted to keep the community healthy with a vibrant economy, a strong educational system, and care for its elders. She hoped the legislature would listen to its constituents and do what was right.

[8:03:02 PM](#)

BETH SHORT-RHOADS, SELF, SITKA (via teleconference), opposed the governor's budget. She believed the budget presented by the governor was a problem deliberately created by the governor in partnership with multinational corporations to benefit outside interests. She referenced a statement earlier in the month by Senator von Imhof that the state did not have a fiscal crisis, but a priority crisis. She believed part of the priority crisis was the governor's proposal of \$2.3 billion for supplemental PFDs. She supported modest PFDs. She opposed supplemental PFDs, smaller PFDs, a graduated income tax, and a repeal of oil tax credits.

[8:05:23 PM](#)

MARSHALL SEVERSON, SELF, ANCHORAGE (via teleconference), spoke against the governor's budget. He provided information about his education and career in Alaska. He felt the proposed budget only invited and resulted in chaos. He spoke to the inducement of fear related to elders, children, and disabled. He observed insufficient homework had been done on whether many of the budgetary cuts could legally be implemented. He stressed support for education to reduce the need to import highly trained workers. He did not believe the solution was making PFDs whole. He added support for highways, AMHS, and small airports.

Representative Josephson thanked Mr. Severson for his testimony and service.

[8:08:52 PM](#)

KAREN CAMERON, SELF, ANCHORAGE (via teleconference), spoke against the privatization of the Alaska Psychiatric Institute (API). She remarked that API had been in a state of emergency for six to eight years and had been chronically underfunded. She highlighted the administration's decision to offer an \$84 million contract

to the Tennessee company Wellpath. She noted that the company had ties to the governor's Office of Management and Budget director. She cited the company's poor reputation. She pointed out that the company's primary experience was in health services to prisons. She remarked that other companies had not been allowed to bid on the contract. She detailed that Alaska Natives and African Americans were disproportionately represented at API. She recommended the deletion of the contract and prioritizing mental health.

Representative Josephson wondered whether there was litigation taken up in court involving the API matter. [Note: Ms. Cameron was no longer online.]

8:12:03 PM

DIANNE MACRAE, SELF, KENAI (via teleconference), testified in support of the governor's budget. She shared that she had experience significantly cutting her personal budget. She acknowledged that it was challenging, but she did it. She stated that eight years later life was much better. She believed the ferry system had been a temporary solution and she thought the ports should be run by private enterprise. She shared additional personal details. She supported an austerity budget as proposed by the governor. She believed giving people a PFD allowed them to use the money where they saw fit. She discussed problems with the education system. She supported cuts to the budget and a full PFD.

8:15:25 PM

Co-Chair Foster noted that Ms. Cameron was back online.

Representative Josephson asked if Ms. Cameron had attended a recent hearing on API.

Ms. Cameron affirmed. She detailed it was lawsuit brought by the Disability Law Center. She reported that Wellpath had been interviewed in a hearing earlier in the day. She detailed the hearing had considered violations of the Human Rights Act and the Rehabilitation Act. She shared that the judge had been interested in the documentation Wellpath may or may not provide. She provided further detail on the hearing.

8:18:04 PM

STEPHANIE BERGLUND, THREAD, ANCHORAGE (via teleconference), testified in support of early childhood education. She cited statistics that the state was ranked 47th for child wellbeing. She believed investing in early childhood education would help change the statistics. She spoke in support of the Imagination Library, Best Beginnings, Parents As Teachers, and Head Start. She stated that investment in early education would result in result in reduced spending on special education services and higher graduation rates. She asked the committee to restore early education funding in the FY 20 budget.

[8:19:29 PM](#)

DIRK SHUMAKER, EXECUTIVE DIRECTOR, KID'S CORPS, ANCHORAGE (via teleconference), spoke in support of Head Start, Parents as Teachers, Best Beginnings, and early childhood education. He thanked the DEED subcommittee for recognizing the importance of Alaska's investments in early learning. He discussed the benefits of early learning and the support it provided to parents. Early learning resulted in healthier and more resilient students.

[8:21:06 PM](#)

GHERT ABBOTT, SELF, KETCHIKAN (via teleconference), testified against the budget. He stated the governor's austerity budget would essentially destroy his home. He hoped the legislature would reject the proposed budget. He recognized that permanently resolving the state's fiscal crisis with a "horrifically" regressive PFD tax would ultimately have the same destructive impact. He elaborated that under a permanent PFD tax, Ketchikan's cost of living would significantly increase, which would undermine the community's long-term liability. He supported a restoration of the full progressive income tax Alaska had in place prior to the oil boom. He believed a tax would equitably distribute the cost of supporting essential public services across Alaska. He elaborated that a tax would help sustain public services and the PFD.

[8:22:55 PM](#)

ED ZASTROW, SELF, KETCHIKAN (via teleconference), shared that he had lived in both the territory and the state. He spoke in support of the senior programs. He felt that any reductions would be disastrous for seniors, especially to

those with lower incomes. He supported Meals on Wheels, transportation, housing, and Pioneer Homes. He urged the committee to give a closer look at the senior programs. He testified in support of a state income tax. He asked for common sense to prevail.

[8:24:33 PM](#)

NILE HAMAKER, SELF, ANCHORAGE (via teleconference), stated that the governor had done very little analysis on how his proposed budget would impact the state. He felt that the legislature must craft a fair, balanced, and sustainable budget. He discussed that cuts in recent years made it challenging to find places to cut significantly. He noted that state savings were almost gone, and he believed using the PFD was the most regressive income tax on all Alaskans. He stated it would take money out of the private sector. He was in support of progressive income tax. He thought the state should receive more for its oil resources. He wanted the elimination of SB 21. He thanked the committee and other testifiers.

[8:27:37 PM](#)

KATIE BOTZ, SELF, JUNEAU (via teleconference), spoke against a supplemental PFD and the governor's proposed budget. She believed it was the duty of the Alaskan government to provide safety and funding to operate the state properly. She understood that the state was in a financial crisis. She stressed that the citizens should not be punished through the budget cuts. She underscored that children should have the opportunity to learn and senior citizens deserved to live without the anxiety of not being able to pay for a place to live. She was terrified about what the proposed budget could do to the state. She thought the PFD was nothing more than an entitlement. She felt that people should be given additional anxiety by the budget cuts. She spoke in support of a state income tax.

[8:30:41 PM](#)

PAULA MARTIN, SELF, HOMER (via teleconference), supported full funding of education to fund the future of the state. She stressed that education provided a well-trained workforce that built the state's economy. She felt that the governor's proposed budget cuts were draconian and would devastate the economy. She spoke against the cuts to

elders, AMHS, rural airports, public radio, public safety, and natural resource protectors. She supported a revenue approach including a reduction to the Permanent Fund Dividend, a reduction in oil tax credits for companies, and/or the creation of a progressive income tax. She supported a income tax that would factor in out-of-state workers earning income in Alaska.

[8:32:58 PM](#)

KAREN PERRY, SELF, CHUGIAK (via teleconference), supported the governor's fiscal plan for a smaller state government that distributed the state's wealth to all Alaskans. She stated that Alaskans expected to receive a full PFD based on statute. She shared a story of wasteful government spending. She thought schools had sufficient funding. She believed many legislators were guilty of reckless spending.

[8:36:55 PM](#)

JAYLENE PETERSON-NYREN, SOUTH CENTRAL FOUNDATION, ANCHORAGE (via teleconference), spoke in support of behavioral health funding. She shared information about the organization. She suggested maximizing tribal claims through care coordination agreements with tribal health organizations. She detailed that in FY 17 the state saved \$35 million in Medicaid GF state match through these types of agreements, which could be expanded to pharmacies, long-term care, and optical services. The organization requested support for adequate Medicaid funding and continued funding for adult preventative dental services. She asked the committee to maintain support for behavioral health funding providing support for Alaskans with mental illness, substance use disorders, and intellectual, developmental, and cognitive impairment.

[8:39:08 PM](#)

MATTHEW HELLER, SELF, FAIRBANKS (via teleconference), spoke in support of the governor's budget. He felt that the economy could be rebuilt in the private sector with the proposed cuts. He did not believe government spending was the answer. He believed the AMHS would still operate under the governor's proposal, but it would eliminate the operation of empty ferries in the winter months. He highlighted the number of University superintendents in the

state and thought the cuts needed to be made at the top. He thanked the committee for its time.

[8:40:56 PM](#)

SHOSHANA KUN, SELF, FAIRBANKS (via teleconference), expressed concern about the budget as a whole. She appreciated the legislature developing alternative budget solutions. She stressed that there was an extreme rate of mental health and addiction in Alaska. The potential cuts to services was alarming. She was concerned about correlation between the governor's Office of Management and budget director and GEO Group, the company taking over the Alaska Psychiatric Institute. She highlighted her goal of helping individuals who had fallen through the cracks. She detailed that services created a healthier functioning community and a greater sense of public safety. She questioned the decision to give oil and gas tax credits to industry. She spoke in support of a graduated income tax that would bring in money from out-of-state individuals working in Alaska. She asked the legislature to devise a compromise that was reasonable for the state and its residents.

Co-Chair Foster CLOSED public testimony. He stated that individuals could submit written testimony to [housefinance@akleg.gov](mailto:housefinance@akleg.gov), through Thursday, March 28. He noted that the following day's 9:00 a.m. meeting would be canceled.

HB 39 was HEARD and HELD in committee for further consideration.

HB 40 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[8:44:57 PM](#)

The meeting was adjourned at 8:44 p.m.