

HOUSE FINANCE COMMITTEE  
February 19, 2020  
5:07 p.m.

5:07:29 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 5:07 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Jennifer Johnston, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Andy Josephson  
Representative Gary Knopp  
Representative Bart LeBon  
Representative Kelly Merrick  
Representative Colleen Sullivan-Leonard  
Representative Adam Wool

MEMBERS ABSENT

Representative Cathy Tilton  
Representative Ben Carpenter

ALSO PRESENT

Brian Wilson, Executive Director, Alaska Coalition on Housing and Homeless, Juneau; Alex Wertheimer, Self, Juneau; Rodney Dial, Mayor, Ketchikan Gateway Borough, Juneau; Patrick Anderson, Chief Executive Officer, Rural Alaska Community Action Program, Juneau; Jessica Parks, Rural Alaska Community Action Program, Juneau; Robert Marx, Rural Alaska Community Action Program, Juneau; John Wynne, Self, Juneau; Katie Botz, Self, Juneau; Paul Kelly, Self, Juneau; Sol Neely, Self, Juneau; Mila Neely, Self, Juneau; Deedie Sorensen, Self, Juneau; Jon Erickson, City and Borough of Yakutat, Juneau; Jeff Short, Self, Juneau; Brian Holst, Self, Juneau; Michael Starr, Self, Juneau; Lori Thomson, Self, Juneau; Erin Walker-Tolles, Executive Director, Catholic Community Services, Juneau; Anne Baily, Administrator, Aleutians East Borough; Angela Simpson, Administrator, City of Cold Bay, Juneau; John Rozzi, Board Chair, Mat-Su Coalition on Housing and Homelessness; Dave

Rose, Coordinator, Mat-Su Coalition on Housing and Homelessness; Emily Ferry, Self, Juneau; Kristin Garot, Self, Juneau; Jamiann Hasselquist, Self, Juneau; Pamela Watts, KTOO Community Advisory Board, Juneau; Representative Andi Story; Representative Sara Hannan.

PRESENT VIA TELECONFERENCE

Dan Dunaway, self, Dillingham; Tom Abbott, Self, Petersburg; Clare Jaeger, Tolsona Community Corporation, Copper Valley Development Association Glennallen; Rebecca Himschoot, Self, Sitka; Collauna Marley, self, Sitka; Teisha Simmons, Self, Fairbanks; Vikki Jo Kennedy, Self, Juneau; Rod Catron, Self, Metlakatla; Janell Manchester, Self, Fairbanks; Herman Morgan, Self, Aniak; Nelson Cellarius, Self, Chitina; Ashley Woods, Self, Fairbanks; Patricia Dick, Self, Sitka.

SUMMARY

HB 205            APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 205 was HEARD and HELD in committee for further consideration.

HB 206            APPROP: MENTAL HEALTH BUDGET

HB 206 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda. He explained the public testimony process and provided the call-in number and House Finance Committee email address.

#hb205

#hb206

HOUSE BILL NO. 205

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; 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. 206

"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."

[5:07:52 PM](#)

^PUBLIC TESTIMONY: JUNEAU

[5:10:58 PM](#)

Co-Chair Foster OPENED public testimony.

[5:12:25 PM](#)

BRIAN WILSON, EXECUTIVE DIRECTOR, ALASKA COALITION ON HOUSING AND HOMELESS, JUNEAU, testified in support of funding for the Alaska Homeless Assistance Program Fund, which had been cut by 45 percent in the previous budget cycle after the governor's vetoes. The program was traditionally funded at the \$7.8 million level, and the coalition asked for funding to be restored to the original amount. He informed that the program paid for crucial emergency shelter beds, and highly successful homeless prevention programs. He cited statistics that 95 percent of individuals that accessed homeless prevention funds the previous year did not return to homelessness. He informed that there had been an immediate increase in people experiencing unsheltered homelessness when funding was cut. He discussed the impact of homelessness. He noted that federal dollars were compromised. He referenced three legislative priorities of the coalition that he would provide to the committee (copy on file).

[5:14:37 PM](#)

Representative Sullivan-Leonard asked Mr. Wilson to elaborate on the fiscal impact on the Juneau homeless organization.

Mr. Wilson stated that the program was cut by 45 percent the previous year, and the funds were administered by the Alaska Housing Finance Corporation (AHFC). The corporation had been able to shift \$2 million from another program grant to lessen the impact, but all of the direct-service Housing Assistance Program providers received a 20 percent cut in funding.

Representative Sullivan-Leonard asked for a dollar amount.

Mr. Wilson stated that funding had gone from \$7.8 million down to \$6.55 million.

Representative Knopp discussed the previous year's cuts to the program. He asked about the proposed budget for the coalition.

Mr. Wilson stated that there was a proposed to \$7.3 million, but the amount was still \$500,000 below traditional funding levels.

Representative Knopp estimated that funding for the program had increased from the previous year.

Mr. Wilson stated that the \$2 million that had been shifted from the Special Needs Housing Grant were moved back into the Homeless Assistance Program. In the governor's proposed budget, funding was at \$7.3 million.

Co-Chair Foster recalled that the Alaska Mental Health Trust Authority (AMHTA) Board had requested \$8.15 million for the program. He believed the program had a proposed \$8.15 million in the mental health budget committee substitute that was presented earlier in the day.

[5:17:18 PM](#)

ALEX WERTHEIMER, SELF, JUNEAU, supported restored funding for the Alaska Marine Highway System (AMHS), the University of Alaska (UA). He also supported no more cuts to the Department of Fish and Game management and research. He supported full funding for Pre-K education, K-12 education, and public broadcasting. He had lived in Alaska for 50 years. He discussed recent budget cuts and considered that He thought the state need a sustainable budget, including dedicating Permanent Fund earnings to support state government. He supported a progressive income tax, which he thought was not a radical idea. He noted that many other states as well as the federal government imposed an income tax.

[5:19:37 PM](#)

RODNEY DIAL, MAYOR, KETCHIKAN GATEWAY BOROUGH, JUNEAU, He mentioned cuts, cost-shifting to local governments, use of Permanent Fund earnings, and talk of new taxes. He had seen little to no discussion on the structural changes needed to make the budget sustainable. He thought that citizens in one half of the state paid millions in taxes while the other half paid almost nothing and received free services and lifetime welfare. He thought the disparate treatment was grossly unfair. He asked the legislature to encourage borough formation, end discriminatory taxation based on residence, and end lifetime welfare which he thought existed in over 150 Alaskan communities. He thought with more people contributing, the state would have more money for services and protect the PFD.

[5:21:49 PM](#)

Representative Knopp asked if Mr. Dial supported a Permanent Fund Dividend (PFD).

Mr. Dial personally supported use of his PFD if the budget were sustainable. He referenced the Southeast Conference that he had recently attended. He had heard various amounts referenced as a "sustainable PFD." He was concerned that if the PFD had gone from \$3074 to \$500, then the budget was not sustainable, and the PFD would continue to shrink. He advocated for all regions of the state that could afford to contribute (like the organized boroughs did) would contribute.

Representative Knopp asked about Mr. Dial's remark about "discriminatory taxes."

Mr. Dial discussed required local contribution, which was imposed upon organized boroughs but not unorganized boroughs. He thought required local contribution was a mandatory state tax that was imposed upon organized boroughs but not unorganized boroughs. He pointed out that additionally, organized boroughs were required to fully fund school construction and maintenance; while unorganized had schools maintained and constructed for free.

[5:24:18 PM](#)

PATRICK ANDERSON, CHIEF EXECUTIVE OFFICER, RURAL ALASKA COMMUNITY ACTION PROGRAM, JUNEAU, spoke in support // He explained that the Rural Alaska Community Action Program

(Rural CAP) was the community action agency charged with addressing the root causes of poverty. He encouraged flexibility in the way budgets were done for program designed to address the excess of Adverse Childhood Experiences (ACES). He stated that Rural CAP had found that in rural Alaska many of the policies of the state were not matched on the healing side with the punitive side. He noted that Rural CAP was opening a domestic violence shelter Hooper Bay, Scammon Bay, and Chevak. He referenced United States Attorney General William Barr's visit to rural Alaska, and the attorney general's concern with high crime rates and lack of Village Public Safety Officers (VPSO) in rural Alaska. He noted that 80 percent to 90 percent of crimes adjudicated in Hooper Bay were in domestic violence.

Mr. Anderson discussed ACES as the result of domestic violence and incarceration. He considered the inter-generational trauma in the Alaska Native population. He cited statistics that indicated individuals with up to six ACES had an average of a 20-year shorter life span. He thought policies focused on incarceration and punishment should include funding for innovative and creative ways to address childhood trauma. He furthered that Rural CAP was asking the state's concretional delegation for funding. He wanted consideration of using discretionary funding to match programming in the interest of children. He reiterated his call for innovative and creative thinking.

Co-Chair Foster asked about the domestic violence shelter mentioned by Mr. Anderson.

Mr. Anderson noted that Chevak, Scammon Bay, and Hooper Bay were all served by the same domestic violence shelter.

[5:28:35 PM](#)

JESSICA PARKS, RURAL ALASKA COMMUNITY ACTION PROGRAM, JUNEAU, testified in support of funding for mental health services. She noted that Rural CAP adopted a breakthrough initiative using a community-driven model that identified root causes to decrease health disparities and break the cycle of poverty. She asserted that funding for the Suicide Awareness Prevention Program, re-entry services through the Department of Corrections, and increased Medicaid funding for mental health services was necessary to address the issue. She cited that Alaska children were 56 times more

likely to be abused than the national average, and the suicide rate for Alaska Natives was four times that of the national suicide rate. She relayed that rural Alaskans experienced a poverty of access to locally available healthcare, inadequate support for behavioral health services and stress management. She noted that there were no licensed professional counselors in remote areas, and a lack of addiction recovery services. She thought investing funds in innovating programs that produced results was investing long-term solutions instead of treating symptoms.

5:30:08 PM

ROBERT MARX, RURAL ALASKA COMMUNITY ACTION PROGRAM, JUNEAU, supported maintained funding for the Homeless Assistance Program and fully funding the Special Needs Housing Grant. He had worked at Rural CAP for almost nine years. He recalled that Karluk Manor opened in 2001. He stated that Karluk Manor had 10 tenants that still resided after moving in when the facility opened. He summarized that the "housing first" model was effective as a means of addressing homelessness. He stressed that more housing opportunities were needed throughout the state. He asserted that funding the Homeless Assistance Program and the Special Needs Housing Grant would help continue projects already assisting vulnerable Alaskans to obtain and keep housing. He asked the committee to consider that there was a lesser-known crisis in the state: housing in rural Alaska. He discussed severe overcrowding in rural areas, which did not meet many definitions of homelessness. He emphasized that the state would see many benefits from investing in safe and adequate housing for Alaskans.

Co-Chair Foster asked about the Special Needs Housing Grant, and whether it was part of the Homeless Assistance Program.

Mr. Marx stated that the grant was a separate line in the budget.

Co-Chair Foster asked how much was in the proposed budget for the grant and how the governor's budget compared to the previous year.

Mr. Marx recalled that the latest funding amount for the grant was \$1.7 million. He pointed out that in 2009, the number was \$1.75 million. He cited that by the Department

of Labor and Workforce Development inflation calculator, there had been a 27 percent decrease.

[5:33:52 PM](#)

JOHN WYNNE, SELF, JUNEAU, spoke in favor of restoring funding to the Alaska Marine Highway System (AMHS). He was a former legislator of Washington State. He had relatives and friends in Southeast Alaska. He discussed a personal anecdote relating to missed family obligations due to the lack of ferry service as a result of budget cuts. He discussed community needs for ferry services. He referenced a recent report on the AMHS, which he thought had not considered the trade and exchange between Alaska and the Yukon Territory. He discussed a historical map of Klukwan and the southeast portion of the Yukon Territory, and the history of trade in the region.

[5:36:22 PM](#)

KATIE BOTZ, SELF, JUNEAU, testified in support of funding for mental health services. She discussed her personal experience and challenges with mental illness. She had written emails to members. She stressed the important role of legislators in helping to end the stigma of mental illness by supporting funding for mental health. She experienced profound deafness. She did not think the state had a revenue problem, but rather a priority problem. She asked how members wanted to see Alaska's future.

[5:41:06 PM](#)

PAUL KELLY, SELF, JUNEAU, testified in support of funding for education and the AMHS. He was a state employee. He was a third-generation Alaskan. He was a graduate student at the University of Alaska. He was a member of the Juneau Board of Education. He thought teachers, staff, and administration were increasingly burdened. He supported passage of HB 236 to increase the Base Student Allocation (BSA) for the next two years. He was worried that cuts to UA were unsustainable and threatened the University's future. He supported funding for ferries. He supported allowing the moratorium on school bond debt reimbursement to expire. He was chair of the school board's facilities committee and could attest that many schools were under-maintained. He supported a sustainable source of revenue for the state.

[5:44:02 PM](#)

SOL NEELY, SELF, JUNEAU, testified in opposition to austere budget cuts. He was an associate professor of English at the University of Alaska Southeast. He asserted that the previous year's budget was devastating to the community. He discussed the impacts of the previous year's budget submitted by the governor. He mentioned care for the elderly, deferred maintenance, neglected infrastructure, less treatment options for substance abuse and mental health issues, crime, homelessness, the AMHS, municipalities and villages struggling for stability, and declining support for education. He had started a prison education program that became a re-entry effort. He chaired the site council at Gastineau School and worked with advocacy groups across the state. He had seen many negative impacts of the previous year's budget cuts. He referenced the words of American theologian Jim Wallace, that asserted that a budget was a moral document that expressed moral priorities. He thought the state had no shortage of wealth or resources, but that the state was mismanaging its wealth in the interest of outside special interest such as oil and gas tax credits. He thought the state had a problem with priorities.

[5:46:47 PM](#)

MILA NEELY, SELF, JUNEAU, testified in support of funding for education and the AMHS. She was born in Juneau. She asked the committee to support public education and the AMHS. She asserted that the budget would change and affect her future. She questioned why funds were spent on oil and gas tax credits while ferry service and education funding were reduced. She was a citizen of the Cherokee Nation and wanted a budget that protected Native communities. She asked the members to have courage.

[5:48:42 PM](#)

DEEDIE SORENSEN, SELF, JUNEAU, spoke in favor of increased funding for education. She had lived in Juneau since 1981, when she came from Montana to be a special education teacher. She described teacher pay differences between the two states. She asserted that the state had a shortage of special education teachers. She discussed salary and benefit advantages in Montana. She suggested that the state

needed to invest in education, or there would be no one to teach. She was a member of the Juneau School Board. She was deeply concerned about the state's ability to attract and retain highly qualified teachers.

[5:50:44 PM](#)

JON ERICKSON, MANAGER, CITY AND BOROUGH OF YAKUTAT, JUNEAU, spoke in favor of increased funding for the Community Assistance Program and the AMHS. He relayed that revenue sharing was about 10 percent of the Yakutat budget. He discussed the reduction in ferry trips to Yakutat and the hardship imposed.

Representative Sullivan-Leonard asked for a ballpark figure of how much revenue sharing was part of the Yakutat budget.

Mr. Erickson stated that the total budget for the previous year was \$2 million, and the revenue sharing portion had been \$260,000.

[5:53:13 PM](#)

JEFF SHORT, SELF, JUNEAU, spoke in support of increasing the BSA as outlined in HB 236. He was a member of the Juneau School Board. He had lived in Alaska for 50 years. He supported maintaining the previous year's education funding as well as inflation-proofing. He discussed the decline in oil prices since 2014 and thought the revenue decrease placed stress on workforce, particularly families with children. He cited a 38 percent increase in use of free and reduced lunches due to increased poverty in the school system. He discussed evidence of increased demographic diversity in Juneau's schools, which he thought required more resources to address a greater range of needs. He discussed inflation. He cited that the Anchorage CPI had increased from 2007 to the present time by 25 percent; yet the BSA had only increased by 10 percent over the same period of time. He asserted that the difference required an increase in the BSA by \$760 to get back to the purchasing power of 2007. He thought the \$30 million in additional funding from the previous year would cover about one-third of the shortfall. He summarized that education had greater needs and fewer resources.

[5:56:23 PM](#)

BRIAN HOLST, SELF, JUNEAU, spoke in favor of increased funding for public education. He was director of the Juneau Economic Development Council and the president of the Juneau School Board. He asserted that the statutory BSA was not adequate. He reported that the Juneau School District (JSD) had 92 fewer staff than in 2011. He discussed the dramatic increase in healthcare costs. He supported funding for Pre-K education, and support for reading. He asked for no unfunded mandates. He discussed the School Bond Debt Reimbursement Program and asked to restart and fund the program. He supported additional funding for the AMHS.

Representative Merrick noted that there was a decrease in the number of students in the Anchorage area. She asked about the population trend in JSD.

Mr. Holst cited that there was a slight decrease of about 6 percent in the student population in Juneau since 2011.

[5:59:06 PM](#)

MICHAEL STARR, SELF, JUNEAU, testified in support of funding for AMHS. He discussed the importance of the ferry system in connecting communities. He mentioned food shortages in Angoon. He thought the lack of ferry service was unacceptable. He thought it was only a matter of time before the lack of ferry service resulted in loss of life. He urged the committee to restore funding for the AMHS.

[6:00:52 PM](#)

LORI THOMSON, SELF, JUNEAU, spoke in support of increased funding for education. She was a co-facilitator of the Harborview Elementary School Site Council. She spoke to the \$30 million that did not get included in the governor's budget and strongly encouraged the committee to restore the funds. She emphasized that schools had been dealing with cuts for several years and schools were thinly staffed. She had attended a district-wide budget meeting, at which time elementary budgets had been discussed. She discussed the workload of a principal that served multiple schools in the district. She referenced a problem with substitute teachers because of low pay.

Representative LeBon had served on the Fairbanks School Board and Fairbanks had also experienced a challenge with substitute teachers. He asked about substitute pay.

Ms. Thomson did not have the information.

6:04:49 PM

ERIN WALKER-TOLLES, EXECUTIVE DIRECTOR, CATHOLIC COMMUNITY SERVICES, JUNEAU, supported funding for seniors and abused children. She was a 26-year resident of Alaska. She encouraged investment in lower-cost early interventions for vulnerable Alaskans. She detailed that Catholic Community Services (CCS) operated 11 senior centers and appreciated state, local, and tribal support for meals and rides programs as well as support services and case management. She discussed services as a means of keeping seniors in-home rather than in an institution. She cited that Alaska had the fastest-growing senior population of any state, but CCS had not seen an increase in funding in some time. She discussed underfunding for non-medical services that were important for keeping seniors independent. She discussed the Safe Child Advocacy Center, which conducted forensic interviews at the behest of the Office of Children's Services. She urged the committee to consider the needs of child victims of sex trafficking, sexual abuse, and trauma. She emphasized that early interventions for children that experienced abuse and neglect would result in long-term cost savings for the state.

6:07:59 PM

ANNE BAILY, ADMINISTRATOR, ALEUTIANS EAST BOROUGH, testified in support of reinstating funding for school bond debt reimbursement. She stated that the borough paid more than its obligation as well as more than its portion of school bond yet. The borough had a small tax base to draw from yet had always done its part. When the district had voted on the bond, it was recognized that the state would pick up 60 to 70 percent of school bond debt. In FY 20, the borough had expected to receive over \$650,000 in school bond debt reimbursement from the state, which was approximately 13 percent of the borough's operating budget. The borough had lost 50 percent of state bond debt as well as 100 percent of the harbor bond debt which had resulted in a loss of approximately \$600,000 in anticipated borough revenue. She asserted that the cost shift and other revenue changes in the region had impacted the borough's ability to meet mandated requirements to fund education, to fund transportation links, to maintain facilities, and to

connect capital projects. The borough was actively trying to address the budget shortfalls.

Co-Chair Foster asked if the \$600,000 was a combination of school bond debt and harbor bond debt. He asked about property taxes.

Ms. Baily answered in the affirmative. stated that the borough did not have a property tax, and was solely based on fish tax, which was volatile. The borough was looking at other avenues for revenue.

6:10:42 PM

ANGELA SIMPSON, ADMINISTRATOR, CITY OF COLD BAY, JUNEAU, testified in support of funding for an Alaska State Trooper (AST) post in Cold Bay. There was no trooper presence in the region, and Cold Bay was a hub community for the Aleutians. She urged the committee to restore adequate funding for the local government specialist in Cold Bay.

Representative Sullivan-Leonard referenced the local government specialist, which came from Department of Commerce, Community and Economic Development. She asked about the activities of the specialist, and for commentary on what it was like without the position in place.

Ms. Simpson stated that the local government specialist provided assistance and oversight if the city amended or drafted ordinances, or with questions on local budgets. She had asked for help with an ordinance a year previously and had still not received help. She had been through five government specialists. She had been told that government specialists were unable to complete the local government specialist activities due to other duties.

Co-Chair Foster asked how many local government specialists were in place as compared to several years previously.

Ms. Simpson did not have information on the number of local government specialists. She commented on the high turnover rate of the position. She mentioned one specialist that was responsible for 135 communities.

6:14:28 PM

Representative Josephson asked about the area covered by the AST position.

Ms. Simpson understood that the previous trooper covered the entire Aleutians including Nelson Lagoon, False Pass, King Cove, Sand Point, and on down the chain. She noted that the community called Dillingham and was routed through Anchorage when there was a problem.

Representative Josephson discussed trooper dispatch and gleaned that it was a difficult situation.

Ms. Simpson detailed that the city was to call the Dillingham AST post, but the trooper was placed in Anchorage.

[6:16:07 PM](#)

JOHN ROZZI, BOARD CHAIR, MAT-SU COALITION ON HOUSING AND HOMELESSNESS, supported increased funding for the Housing Assistance Program Grant. He referenced a 95 percent success rate in keeping people in homes and avoiding homelessness. He emphasized that the grant was helping people that were making 30 percent or less than the average median income, such as a family of four that was making \$32,000 per year. He emphasized that there was a great need in the state for the program. He thought the program had saved the state money. If the program did not provide prevention services, then costs would dramatically increase. He stated that past funds had been wisely used and urged continued funding of the program.

[6:18:31 PM](#)

Co-Chair Johnston asked about the choice between offering grants versus a higher dividend. She asserted that the legislature thought most about the vulnerable population referenced by Mr. Rozzi.

Mr. Rozzi appreciated Co-Chair Johnston's question. He stated that the people that needed the dividend were the same people that needed the program. He encouraged members to continue gathering data on the topic. He was happy to do research and provide data.

Co-Chair Johnston thought additional data would be helpful. She asked if there had there been success getting the

program population into the job market after getting housing.

Mr. Rozzi stated that individuals that had housing were more inclined to get and keep a job. Further, families were healthier. He mentioned the drawback of transportation challenges in the Mat-Su Valley and its effect on affordable housing.

Co-Chair Johnston asked if Mr. Rozzi had statistics relating to the job market in the Mat-Su valley. She pondered the priority of housing, jobs, or a one-time dividend.

Mr. Rozzi did not have the information.

[6:21:51 PM](#)

Representative Ortiz asked about Mr. Rozzi's understanding of what was in the current budget as compared to the two previous years.

Mr. Rozzi recalled that the program was being flat-funded at a level that was about \$500,000 less than it was two years previously.

Co-Chair Foster recalled that the program was funded at \$7.8 million the previous year, and the governor's budget had \$7.3 million, and the AMHTA Board had recommended funding \$8.15 million. The committee substitute with a preliminary version of the budget had the funding amount at \$8.15 million. He thought there could be an amendment to increase or decrease the amount. He thought Mr. Rozzi's testimony was important for helping people understand the importance of the program.

[6:23:24 PM](#)

DAVE ROSE, COORDINATOR, MAT-SU COALITION ON HOUSING AND HOMELESSNESS, testified in support of funding the Housing Assistance Program Grant. He referenced materials that included statistics on housing and homelessness (copy on file). He referenced anecdotal information and thought backing up stories with numbers was important. Through using the Alaska Homeless Management Information System, the coalition had observed trends. He addressed Co-Chair Johnston's question about the PFD versus housing grants and

thought that the population in question needed both. He discussed the path to homelessness and hoped the state could spare the small amount needed to help. He was personally a conservative and thought the state should have a balanced budget. He pondered the concept of a ten percent transitional reduction on all departments. He appreciated the difficult job faced by the legislature. He discussed his good fortune as a juxtaposition with the families he worked with.

[6:27:05 PM](#)

Representative Sullivan-Leonard explained that Mat-Su had incredible needs and the PFD was "the great equalizer." She thought Mr. Rose had been correct in saying housing as well as the PFD were needed. She thanked Mr. Rose for his testimony.

Mr. Rose was grateful for the opportunity to testify.

Co-Chair Johnston asked about Mr. Rose's idea of a ten percent cut to all departments. She noted that the governor had not been able to make such a cut the first year of his administration. She thought state government needed to be transformed. She asked if Mr. Rose lived in the Palmer or Wasilla area and paid for police protection.

Mr. Rose noted he was in the Mat-Su borough but lived outside the city limits of Wasilla and Palmer.

Co-Chair Johnston noted that one area of budget increase was public safety. She noted that the community of Girdwood had lost its state troopers and had ended up paying for its own police. She thought one idea had been to have the two service areas split the cost of a trooper. She wondered if Mat-Su would be interested in creating a police protection service area and carrying half the cost.

[6:30:17 PM](#)

Representative Ortiz referenced Mr. Rose's idea of a ten percent cut to all agencies for three years. He asked if it was the testifiers perception that there had not been a reduction across the board already.

Mr. Rose answered in the negative. He had been looking for a way to reduce the budget in a progressive way that would

touch everyone. He wanted to be taxed. He thought there needed to be a tax that responded and related to services so that people could pay for what they received. He referenced the tax structure in Hawaii.

[6:32:26 PM](#)

Co-Chair Foster added that in FY 13 the budget was \$7.8 billion in in FY 19 the budget was \$4.3 billion for state government without the PFD. The size of state government had been reduced by 45 percent or \$3.5 billion. He thought cuts were harder to make over time, and initially it was easier.

Representative Wool did not want to forget the past five years. He discussed the cuts over recent years. Many people did not have children in schools who wondered why they should pay taxes for schools they did not use. He thought schools and educated people benefitted everyone.

Representative LeBon referenced the phrase Mr. Rose had used - a tax for a central service he was willing to pay for. He asked if Mr. Rose would be willing to pay for trooper service in Mat-Su.

Mr. Rose replied that as a private citizen he would. He acknowledged that Mat-Su and many parts of the state had a huge problem with crime and opioids. They wanted to address the issue, and it would take resources.

Co-Chair Foster thanked Mr. Rose for the discussion.

[6:35:35 PM](#)

EMILY FERRY, SELF, JUNEAU, spoke in support of education and school funding. She provided a puppet and spoke of a school project involving art, research, and timelines. The project was a collaborative effort by fourth, fifth, and sixth graders. The project sparked discussion about what it meant to be a leader, how the Holocaust came to be, and how a society could flip completely. She mentioned the effects of a bad decision or a policy change. She noted the ferry service had worsened over time resulting in an accumulative effect. She suggested stopping to evaluate what kind of community the state was creating. She believed it started with the state budget and legislators. She encouraged members to do some reflecting.

6:39:02 PM

KRISTIN GAROT, SELF, JUNEAU, spoke in support of education, ferries, homelessness, and services for the most vulnerable. She had been a teacher in Alaska since 1997. She was currently a principle in the Juneau School District. She was the principle of three schools that were referenced earlier. She took her job very seriously. She spoke of seeing a reduction in the district's ability to serve students. She argued that schools have had to do more and more to meet higher needs for students with less and less. The school district had cut the fat from schools. However, there was no more to cut without cutting large essentials. She had testified the previous day to encourage full funding for suicide prevention grants and programs. She talked about a reduction of service to the students. She spoke about grant funds that helped schools do their work on a daily basis. She asked members to support forward funding of education and an increase to the Base Student Allocation (BSA).

Representative LeBon asked if there were tiered payments for substitute teachers in Juneau's schools. Ms. Garot thought it was a two-tiered payment schedule: One for non-certified substitutes and one for certified substitutes.

Representative LeBon asked for the amounts. Ms. Garot did not know.

Vice-Chair Ortiz asked how long she had been an administrator. He additionally queried how long she had been responsible for 3 schools. Ms. Garot had been a principle for the Juneau School District for 7 years and had been responsible for all 3 schools during that period.

Vice-Chair Ortiz clarified that she had not had experience being a principle for only 1 school. Ms. Garot responded, "I do not."

Vice-Chair Ortiz was trying to figure out the opportunity costs of Ms. Garot trying to cover 3 schools versus 1. Ms. Garot could only speculate.

Co-Chair Johnston asked if the schools were in one building or at multiple locations. Ms. Garot responded that all 3 schools were located in 1 building.

Co-Chair Foster recalled Ms. Garot talking about forward funding education. He suggested the possibility of the legislature passing an education package in February or March rather than forward funding for FY 22. He wondered when the school districts needed to know what the state funding would be in order to avoid sending out pink slips. He asked her to comment. Ms. Garot could not remember the exact date required to notify employees regarding employment for the following school year. She knew it was before the end of the school year in May. The school district sent its budget for the following year to the city by the end of March. She commented that it would be helpful to know by March.

[6:45:56 PM](#)

JAMIANN HASSELQUIST, SELF, JUNEAU, provided some personal information regarding her heritage. She thanked the committee for their efforts to resolve the state's budget crisis. She spoke in favor of properly supporting the Alaska Marine Highway System. She mentioned her mother was a product of a boarding school. She provided additional information about her heritage. She claimed the problem with the ferry system was pushing her family back into the woods. She spoke of the need to have the ferry system working and relayed many ways it affected her family. She talked about experiencing many of her adverse childhood experiences. She thought many things could be done to help with people's adverse childhood experiences. She mentioned a \$3 million grant that would help provide training. She thanked members for considering several matters.

[6:53:33 PM](#)

PAMELA WATTS, KTOO COMMUNITY ADVISORY BOARD, JUNEAU, noted that Public Broadcasting was crucial to staying informed about several things. It was especially important to rural areas. She commented that she had worked for KTOO for several years. She appreciated the reporting by KTOO. She noted some of the benefits of Public Broadcasting. She thought it would be important to provide proper funding.

Representative Josephson thought Public Broadcasting could be broken down into several categories. He wondered which categories were most important.

Ms. Watts responded that safety was the most important aspect.

Vice-Chair Ortiz relayed that prior to the previous year's budget the state supported Public Broadcasting with an appropriation of about \$2.7 million. In the last budget cycle, there was not support. He asked her to speak to the opportunity costs derived from cuts in previous years.

Ms. Watts did not have the information but could provide it later.

^PUBLIC TESTIMONY: SITKA, PETERSBURG, DELTA JUNCTION, UNALASKA, DILLINGHAM, GLENNALLEN, TOK

[6:58:04 PM](#)

DAN DUNAWAY, SELF, DILLINGHAM (via teleconference), spoke in favor of Public Radio. He indicated he had provided written testimony. He wanted to touch on the funding for the Department of Fish and Game for management and research of salmon in Bristol Bay. The fishery paid for itself, yet it was still threatened with reductions. Over the last few years it generated over \$3 million for projects. He wanted to see enough money to support the Togiak tower that provided significant opportunity to a more remote area of Bristol Bay and a less wealthy section of the fishery. He also wanted to mention that the radio station in Dillingham, KDLG, too an \$80,000 cut in the prior year which had hammered the station. The station increased its local contribution, but it was barley meeting the minimum requirements to be a legal station. Reporters were unable to get out as frequently, and the state was limited in its equipment. He believed the radio station was a matter of life and safety. He frequently checked the weather when out hunting and fishing. He hoped the legislature would restore funding for radio broadcasting, particularly KDLG.

[7:01:14 PM](#)

TOM ABBOTT, SELF, PETERSBURG (via teleconference), spoke in favor of Public Broadcasting. He had been in Public Broadcasting for over 30 years. He noted the importance of maintaining service. He mentioned an amber alert that had occurred earlier in the week. He urged members to fully support radio. He hoped the legislature would ensure the appropriation for public broadcasting was veto-proof. He

also spoke in favor of the AMHS. He noted the expense of traveling by air versus the ferry. It was a highway for his region. He hoped additional funding could be provided for the system.

[7:04:42 PM](#)

CLARE JAEGER, TOLSONA COMMUNITY CORPORATION, COPPER VALLEY DEVELOPMENT ASSOCIATION, GLENNALLEN (via teleconference), reported that the Tolsona Community Corporation was in an unorganized borough and relied on assistance from the legislature. The corporation had some local road projects and a project to restore drainage and cap off roads to make them functional again. The main problem she wanted to discuss with the committee was the requirement of fire preparedness and the establishment of fire breaks. She was very interested in programs through the Forestry Department to fund firebreaks throughout her region. She spoke of the development of programs to use biomass in boilers in some facilities. She noted some of the public buildings currently using biomass. Currently, her region needed biomass. She hoped that through a process with the Forestry Department and the funding of fire breaks the region could develop an industry for biomass and wood chips to provide heating and fuel for several facilities. She spoke of the local forester retiring and leaving an empty position that had not been filled due to budget constraints. It was her understanding that her region would receive additional help through the Mat-Su Borough. She believed the major risk in her area were wildfires.

[7:07:12 PM](#)

REBECCA HIMSCHOOT, SELF, SITKA (via teleconference), was a practicing teacher and a previous Board of Education member. She appreciated the education funding support from the prior year. However, there had been a tragedy of a trickle-down effect from the uncertainty of funding. Sitka ended up having to hire a few teachers on the very first day of school. She urged support for forward funding of education.

[7:09:51 PM](#)

COLLAUNA MARLEY, SELF, SITKA (via teleconference), spoke of the importance of forward funding for K-12 public education. She mentioned the benefits of forward funding.

She brought up the fact that there was a national teacher shortage and reported a 20 percent teacher turn over in Alaska. In some rural communities the percentage jumped to 36 percent. Forward funding offered needed certainty and continuity to Alaska's K-12 public education system. She thanked members for listening and for their service.

[7:10:44 PM](#)

TEISHA SIMMONS, SELF, FAIRBANKS (via teleconference), sought support for community-based funding. She had been in a wheelchair for over 20 years. She was a high school and college graduate. She wanted to demonstrate the potential of people with disabilities. She emphasized the reliability of people with disabilities. She asked members not to cut personal care givers. Personal care givers helped people continue living at home rather than going into nursing homes. She argued that by making cuts to community-based funding it placed funding into the hands of nursing homes.

[7:14:50 PM](#)

VIKKI JO KENNEDY, SELF, JUNEAU (via teleconference), spoke of the money spent on the Kodiak Launch facility. She argued that the funds used to pay for the launch could be better used for other things. She urged members to unload the launch facility.

[7:16:56 PM](#)

ROD CATRON, SELF, METLAKATLA (via teleconference), worked for AMHS. He was aware of the budget problems. He mentioned the great need to maintain the ferry system. He indicated the stores in the smaller communities were empty. He talked about the dependence on the ferry system. He talked about the impact of the loss of service. He also spoke in support of funding education and taking care of the state's elders. He suggested taxing marijuana more heavily. He indicated he would support a partial cut to the PFD. He hoped the legislature would find a way to resolve the state's issues. He reemphasized the importance of AMHS.

[7:20:38 PM](#)

JANELL MANCHESTER, SELF, FAIRBANKS (via teleconference), urged funding for community-based services. She reported 1 in 10 people had a disability. She suggested it was easier

to put a person into assisted living. However, community-based services were much cheaper. She continued to discuss the benefits of community-based services.

[7:23:25 PM](#)

HERMAN MORGAN, SELF, ANIAK (via teleconference), disagreed with an either/or approach to the PFD. He indicated that by taking the PFD away from the people of Aniak the community would be affected to the tune of \$1.8 million. He spoke of the high prices of fuel in the community. He also noted prices for several items. He suggested cutting the budget by 10 percent. He opposed all of the funding going to education, as Alaskan students had some of the lowest testing scores in the nation. He thought results should be required within the education system. He opined that taking away people's dividends was not right. He noted tuition hikes at the University of Alaska. He talked about the difficulty of living in the rural areas of Alaska. He did not want to see Alaska become a socialized state. He continued to speak of the benefits of the PFD. He spoke of able-bodied adults receiving Medicaid benefits. He encouraged members to make additional cuts to the budgets. He did not think the legislature's approach should not be an either/or approach.

[7:28:34 PM](#)

NELSON CELLARIUS, SELF, CHITINA (via teleconference), spoke in favor of AMHS. He argued that AMHS was run inefficiently. He thought the wrong people were involved with making poor decisions. He thought the ferry system should be run by a different entity. He questioned why the state was hiring other people when there were employees that were not working full-time. He spoke of inefficient spending by the state.

[7:33:12 PM](#)

ASHLEY WOODS, SELF, FAIRBANKS (via teleconference), supported community-based services. She spoke of the negative effects of not having the funding. She asked members to consider supporting community-based services.

[7:34:48 PM](#)

PATRICIA DICK, SELF, SITKA (via teleconference), spoke in support of education. She spoke about how the education in Sitka was great. She wanted to avoid seeing pink slips handed out to teachers. She spoke in support of forward funding education. She continued to speak on the issue of cuts to education. She also spoke in support of AMHS. She noted that many of the smaller towns dependent on the ferry system were running out of food. She thought the situation was at a critical point. She thanked members for their efforts. She talked about the community coming together. She wanted to see basic needs provided for Alaskans.

Co-Chair Johnston reminded the public of where to send written public testimony. She reviewed the agenda for the following day.

HB 205 was HEARD and HELD in committee for further consideration.

HB 206 was HEARD and HELD in committee for further consideration.

#  
ADJOURNMENT

[7:41:37 PM](#)

The meeting was adjourned at 7:41 p.m.