

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

May 4, 2021

8:04 a.m.

MEMBERS PRESENT

Representative Sara Hannan, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Josiah Patkotak, Vice Chair
Representative Harriet Drummond
Representative Mike Prax
Representative Ken McCarty
Representative Kevin McCabe

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 192

"An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

- MOVED HB 192 OUT OF COMMITTEE

HOUSE RESOLUTION NO. 8

Creating the House Task Force on Poverty and Opportunity.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 192

SHORT TITLE: AK REG ECON ASSIST. PROGRAM; EXTEND

SPONSOR(S): REPRESENTATIVE(S) KREISS-TOMKINS

04/28/21 (H) READ THE FIRST TIME - REFERRALS

04/28/21 (H) CRA

05/04/21 (H) CRA AT 8:00 AM BARNES 124

BILL: HR 8

SHORT TITLE: POVERTY AND OPPORTUNITY TASK FORCE

SPONSOR(S): REPRESENTATIVE(S) TARR

04/21/21 (H) READ THE FIRST TIME - REFERRALS
04/21/21 (H) CRA
05/04/21 (H) CRA AT 8:00 AM BARNES 124

WITNESS REGISTER

REPRESENTATIVE KREISS-TOMKINS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 192.

SANDRA MOLLER, Director
Division of Community and Regional Affairs
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 192.

RIVER RAMUGLIA, Staff
Representative Jonathan Kreiss-Tomkins
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information during the hearing on HB 192 on behalf of Representative Kreiss-Tomkins, prime sponsor.

NOLAN KLOUDA, Executive Director
Alaska Center for Economic Development
University of Alaska Fairbanks
Fairbanks, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 192.

ROBERT VENABLES, Executive Director
Southeast Conference
Juneau, Alaska

POSITION STATEMENT: Responded to questions during the hearing on HB 192.

SHIRLEY MARQUARDT, Executive Director
Southwest Alaska Municipal Conference
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the hearing on HB 192.

TIM DILLON, Executive Director
Kenai Peninsula Economic Development District

Kenai, Alaska

POSITION STATEMENT: Testified and answered questions during the hearing on HB 192.

BILL POPP, CEO

Anchorage Economic Development Corporation

Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the hearing on HB 192.

REPRESENTATIVE GERAN TARR

Alaska State Legislator

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HR 8.

PATRICK M. ANDERSON, CEO

Rural Alaska Community Action Program, Inc. ("RurAL CAP")

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HR 8.

KIRK ROSE, CEO

Anchorage Community Land Trust

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HR 8.

ACTION NARRATIVE

[8:04:49 AM](#)

CO-CHAIR SARA HANNAN called the House Community and Regional Affairs Standing Committee meeting to order at 8:04 a.m. Representatives Patkotak, Drummond, Prax, McCabe, McCarty, Schrage, and Hannan were present at the call to order.

HB 192-AK REG ECON ASSIST. PROGRAM; EXTEND

[8:05:44 AM](#)

CO-CHAIR HANNAN announced that the first order of business would be HOUSE BILL NO. 192, "An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

[8:06:38 AM](#)

REPRESENTATIVE JONATHAN KREISS-TOMKINS, Alaska State Legislature, as prime sponsor, presented HB 192. He related

that during discussions of another bill, an amendment was offered regarding Alaska Regional Development Organizations (ARDORs), and it was then that the realization was made that ARDORs statutes were set to expire in a couple months. He said HB 192 would reauthorize ARDORs. He reviewed that while ARDORs previously received state funding, at present they do not; they do receive federal funds. He talked about the varying sizes of ARDORs across the state; each region decides what roll an ARDOR may or may not play. He advised that HB 192 would extend the authorization by a decade. He said there are no state resources that flow through these programs, which have been around for decades, and "it seems like it would be a good thing to keep them on the books."

[8:10:19 AM](#)

CO-CHAIR HANNAN noted two ARDOR executives, as well as the director of the Division of Community and Regional Affairs, and others were available to answer questions. She notified committee members that the most recently received handouts in the committee packet were a memorandum ("memo") from the Department of Commerce, Community & Economic Development (DCCED) and an audit.

[8:11:45 AM](#)

REPRESENTATIVE PRAX reflected on the hurried nature of the proposed legislation. He recollected that the ARDOR in Fairbanks was created when he was on the Fairbanks Assembly, and he expressed skepticism regarding the value of ARDORs, based on his experience. He speculated that the auditor may agree with him, the auditor having written in the report the following:

The audit concluded that ARDORs encouraged economic development in their respective regions; however, the economic benefit was indeterminable due to nonspecific goals and a lack of performance measures.

REPRESENTATIVE PRAX opined that the problem that needs fixing is that many discussions take place at ARDOR meetings but with no solutions that result in economic benefits that "satisfy your hunger" and "heat your house." He further opined that the reports do not comply with statute. He asked, "Is this so urgent that we don't have time to ... think about it before we reapprove the authorization?"

REPRESENTATIVE KREISS-TOMKINS responded that there is a benefit to increasing specificity. He pointed out that expressed in the audit is the opinion of the auditor. Regarding the idea of "indeterminable" economic benefit, he suggested that does not mean the organizations are failing in their mission but rather that "they are operating in an area where it is relatively difficult to nail down attributability." He noted that much of the funding for ARDORs comes from the private sector and governments within the region; private industry has membership dues which pay the lion's share of the Southeast Conference budget, for example. He offered his understanding that there is perceived value in ARDORs and demand within the region. He reiterated that there is no state money that flows through ARDORs. He advised that legislators keep ARDORs on the books, so they don't "muddle up their missions." He said if state money were going to ARDORs, then that would be completely different conversation.

REPRESENTATIVE PRAX responded that he had not read the information regarding "the one for the Southeast," and he noted there is private money invested there. He said in Fairbanks, it was all government money; having no private money there becomes "a communications break." He asked, "Would that be something that we could insert in the statute at a later time?" He said he appreciates the bill sponsor's point of wanting to "get this done because it's about to sunset."

REPRESENTATIVE KREISS-TOMKINS said he is more familiar with ARDORs in Southeast Alaska, which have a large amount of private sector funding and are important. He acknowledged that it sounds like it may be a different situation in the Interior. He said he does not know enough about that to know what the implications would be, and would like to hear the perspectives of ARDORs, as well as the perspective of the Chamber of Commerce.

REPRESENTATIVE PRAX directed attention to the first sentence of the last paragraph of the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

In appropriations bill HB69, \$20 million has been authorized to be utilized by the ARDORs for the purposes of tourism promotion.

REPRESENTATIVE PRAX opined that that money should go to the Fairbanks Convention and Visitors Bureau. He said this

illustrates the problem. He expressed that he would like to have at least some follow-up conversation.

[8:19:13 AM](#)

CO-CHAIR HANNAN noted that Juneau tourism had received money via Southeast Conference, and that that money originated from the federal government. She clarified her understanding is that the ARDORs do not spend the monies but are "the conduit to getting it out in the local communities."

[8:20:02 AM](#)

REPRESENTATIVE MCCABE said he has several issues with [HB 192]. He characterized himself as a fan of ARDORs, who thinks the money should be managed by the entity to which it is designated. He observed that since 1988, [the reconsideration of the statutes] has been on a five-year schedule, and he questioned why HB 192 proposes a 10-year extension. He directed attention to the audit and pointed out that the Matanuska-Susitna ("Mat-Su") [Resource, Conservation and Development Council] was terminated from its ARDOR status by [DCCED]. He said that is an area of over 100,000 in population, and he remarked that those Alaskans are disenfranchised because they do not receive money from the CARES Act, since that money filters through ARDORs. He mentioned there are two recommendations in the audit, and he said he sees no evidence that either has been followed. He expressed concern regarding the haste in which HB 192 is being put forward. He read [from page 24 of the audit] that "regulation governing the ARDORs program has not been updated since 1993." Further, he read the second recommendation in the audit, that the director of the Division of Economic Development (DED) within DCCED "should review ARDOR regulations to determine if updates are necessary to ensure program requirements are relevant and in line with current program needs." He reiterated that he does not see that happening.

[8:23:37 AM](#)

CO-CHAIR HANNAN reminded Representative McCabe that this is an audit, not a report that requires an annual response. She suggested the committee hear from a representative of DCCED.

[8:24:01 AM](#)

REPRESENTATIVE KREISS-TOMKINS cautioned against "jumping from conclusions of ... nefarious or ill-will by the department." He

suggested some ARDORs "wither on the vine" because of a lack of "local buy-in," and he said the department may be able to offer some history regarding Mat-Su.

REPRESENTATIVE MCCABE emphasized he was not saying there was any ill-will by the department, but said sometimes with public/private partnerships, if supervision is not there, there may be "a loose conglomeration." He said he has interacted with Southeast Conference and is frustrated that Mat-Su "doesn't have the same sort of entity." He questioned whether there was some way to get help establishing such an entity.

[8:25:46 AM](#)

CO-CHAIR HANNAN noted that besides Mat-Su, Lower Kuskokwim and the Interior Rivers also [no longer have ARDORs].

[8:26:47 AM](#)

SANDRA MOLLER, Director, Division of Community and Regional Affairs, Department of Commerce, Community & Economic Development, gave background regarding the ARDOR program. She said it was transferred to DCCED in the summer of 2019, to the Division of Community and Regional Affairs (DCRA). She said she could research to provide the particulars of the three areas where ARDORs were terminated; DCCED worked with all three to try to get them in compliance with statutes and regulations. There remain nine ARDORs. Ms. Moller expressed that the department is supportive of the program and new ARDORs. Statutes and regulations outline the steps regions need to take to be considered for an ARDOR.

REPRESENTATIVE MCCABE indicated his appreciation of any information that could be provided. He also remarked that the application process for ARDORs is one of the simplest he has seen.

[8:30:31 AM](#)

CO-CHAIR HANNAN asked if and how, in 2020, those regions outside of an ARDOR tapped into CARES Act funds.

MS. MOLLER answered that in 2019, DCCED identified the Denali Commission, the University of Alaska Anchorage's (UAA's) Small Business Development Center (SBDC), and the Center for Economic Development as partners. She indicated that DCCED met with these entities, ARDORs, and the U.S. Economic Development

Administration. She said regardless of state funding, ARDORs have maintained that network throughout Alaska. The nine ARDORs covered much of the state; SBDC was the point of contact for non-ARDOR regions and involved in disbursement of CARES Act funds. In response to Representative McCabe, she confirmed that [the Greater Wasilla Chamber of Commerce] was involved.

[8:34:27 AM](#)

REPRESENTATIVE SCHRAGE said he just found an [online] article from the Mat-Su Valley Frontiersman that indicates [the reason for Mat-Su being terminated was that they were inactive and not attending meetings. He said it sounds like there is an opportunity for Mat-Su to reengage in ARDOR status and receive grant funding. He said he shares concerns about the proposed 10-year extension; however, given that ARDORs are not receiving state funds and they are spending grant monies in compliance with statutes and regulations, he feels comfortable reauthorizing the ARDORs. He opined there is clear, positive impact of ARDORs.

[8:36:26 AM](#)

REPRESENTATIVE DRUMMOND said she is curious about the source of \$20 million mentioned in the sponsor statement.

[8:36:43 AM](#)

RIVER RAMUGLIA, Staff, Representative Kreiss-Tomkins, Alaska State Legislature, on HB 192 on behalf of Representative Kriess-Tomkins, prime sponsor, offered his understanding that \$20 million had been authorized under an appropriations bill to ARDORs for the purpose of the promotion of tourism.

REPRESENTATIVE DRUMMOND reiterated that she would like to know the source of the \$20 million.

MR. RAMUGLIA responded that he would get that information.

REPRESENTATIVE DRUMMOND asked Ms. Moller if the division administers "the basic grants that these organizations get to fund their basic operations."

[8:37:58 AM](#)

MS. MOLLER said there are no state funds that go to ARDORs. She offered her understanding that the \$20 million referenced "is through the American Rescue Plan."

REPRESENTATIVE DRUMMOND explained that there is a source of grant funding that she was not able to identify with the documents currently in the committee packet, other than membership fees.

[8:38:42 AM](#)

CO-CHAIR HANNAN reminded Representative Drummond that the audit to which she referred is from 2016, and thus not accurate to current funding sources. She said there were four executive directors of ARDORs available to address questions related to operating costs and funding.

[8:39:08 AM](#)

REPRESENTATIVE MCCABE said there is a statutory requirement for annual reports to be provided to the chief clerk and senate secretary, but he said he could not find them. He asked Ms. Moller if she could provide one from 2015 that could shed light on the circumstances under which Mat-Su's ARDOR was terminated so that history would not repeat itself.

MS. MOLLER responded that she could get more information, and she noted that the information from fiscal year 2020 (FY 20) was in the committee packet currently. She noted that information is available on the division's web site.

[8:40:19 AM](#)

CO-CHAIR HANNAN recommended asking Nolan Klouda, who was online to answer questions.

[8:41:07 AM](#)

NOLAN KLOUDA, Executive Director, Alaska Center for Economic Development, University of Alaska Fairbanks, explained that in 2014 and 2015, a few organizations that had gone dormant were taken out of the [ARDOR] program. In Mat-Su, the organization was Mat-Su RC&D, which stood for Resource Conservation and Development, and it was a one-person organization operated by an executive director. When that individual left, the organization went dormant before it was officially removed from the ARDOR program. He said there have been efforts to reestablish a Mat-

Su ARDOR. Regarding Alaska CARES funds and SBDC helping to administer those funds for regions that do not have ARDORS, he offered his understanding that SBDC has an office either in Wasilla or Palmer, within the Mat-Su region. He said establishing an ARDOR in Mat-Su would require "players within that region that want to take the initiative and do it."

[8:43:22 AM](#)

REPRESENTATIVE MCCABE predicted Mat-Su would be in line for an ARDOR in the next few days.

[8:44:32 AM](#)

ROBERT VENABLES, Executive Director, Southeast Conference, gave a brief introduction regarding Southeast Conference. He said ARDORS play a significant and strategic role as "an interface for economic development initiatives" by collaborating with state, local, and tribal governments, as well as the private sector to create the comprehensive economic development strategy (CEDs) that outlines the region's development goals. He said Southeast Conference feeds valuable economic information back to the state and proposes "projects that have synergy for communities throughout the region." He highlighted that Southeast Conference provides technical assistance, which has been especially beneficial during the pandemic while assisting the governor's Alaska CARES program delivery to small businesses.

MR. VENABLES emphasized that ARDORS are not governmental but are a mechanism by which to relieve government of the cost of service delivery by using much more cost-effective entities. Regarding the intent of HB 192, he said, "We're really just looking for a digit, not a dime." He explained that the digit is to renew ARDORS to 2031. He noted that the last extension was intended to be for 10 years; however, the fiscal note had been changed and there was concern by a legislative committee that ARDORS may not be able to survive, thus the time was kept at five years. He observed that the bill title read "economic assistance program" but opined that [ARDORS] would be better described as giving economic development technical assistance.

MR. VENABLES agreed there is a need to update statutes and recommended that be addressed during the next year or two rather than now, when there is the "execution of authorization looming over our heads." He affirmed that the notion of "measurables and deliverables" is "near and dear to our heart," and every

priority objective of the Southeast Conference programs is measurable and does yield results. He listed some of the efforts that have been made by Southeast Conference in the last year, including workgroups, programs, planning, mapping, pandemic mitigation, surveying, job reports, and publications. He said one of the silver linings of the pandemic was the cooperation between ARDORs and the administration to finding efficiencies and targeting best steps forward to help struggling businesses. He said Southeast Conference has helped other economic development organization, for example, through SBDC or chambers of commerce. He stated that ARDORs have specific mandates but must cover multiple communities in a region, which is why there is a comprehensive development strategy. He mentioned there is a bar of 75 percent of communities endorsing the concept for an ARDOR. He said it is a hard work done by passionate people, and it is working well.

8:49:50 AM

REPRESENTATIVE MCCABE expressed a desire to infuse Southeast Conference production and activity into Mat-Su.

MR. VENABLES said ARDORs are willing to help get other ARDORs started.

8:50:33 AM

SHIRLEY MARQUARDT, Executive Director, Southwest Alaska Municipal Conference, said since 1988, the Southwest Alaska Municipal Conference ("SWAM-C") has been identified as an ARDOR for boroughs in Southwest Alaska. It advocates for critical infrastructure needs and priorities for rural communities, encouraging private and public partnerships and responsible development and management of the region's economic sector, which is commercial seafood harvesting and processing. It does so with the financial support of the U.S. Economic Development Association (EDA) planning grants applied for every three years, annual membership fees, and sponsorships. She noted that although the ARDOR gets more funds from its members than from the federal government, without the federal funding it could not keep its doors open.

MS. MARQUARDT said each ARDOR is required to produce an updated comprehensive economic strategy, which must be revamped every four years. She said during the pandemic, ARDORs were instrumental in support for distribution of Alaska CARES grants, fisheries assistance grants, and seafood trade relief funds

filtered through DCCED. She said there were some eligibility problems that ARDORs worked with the legislature to rectify, including online resources. She talked about other benefits of SWAM-C, including newsletters sent out with vital information for fisheries, school districts, and entrepreneurs. She mentioned an annual economic conference business meeting to address challenges and formulate solutions. She said the ARDOR has formed regional partnerships that have allowed the leveraging of millions of federal dollars. She advised that SWAM-C is a valuable asset to the state and is needed now more than ever.

8:55:50 AM

REPRESENTATIVE PRAX asked how Ms. Marquardt measures the degree to which the ARDOR is supported by private contributions.

MS. MARQUARDT named supporters, which she said basically "show their support during our conference time in sponsorship." She said SWAM-C's members are its biggest funders, who provide annual membership fees and pay for an annual two-day conference. The money brought in enables a matching grant through EDA, and there is reporting required to prove the ARDOR is producing tangible results.

8:58:11 AM

TIM DILLON, Executive Director, Kenai Peninsula Economic Development District (KPEDD), described the district as "a nongovernmental resource that takes a 30,000-foot view of the economy" and enhances quality of life in the borough through "responsible and sustainable economic development." He said each ARDOR is structured to benefit its particular community. He related that KPEDD has helped nine businesses in a facility it owns. It has a web site, kenaipeninsulaworkforce.org, which provides workforce data. He emphasized the importance of partnerships.

MR. DILLON addressed the concern stated by Representative McCabe regarding Mat-Su. He said one of the things that KPEDD has done is help communities to start organizations. He said he has been in conversation with the governor's staff housed in Mat-Su to try to help them put together an economic program. He emphasized that Mat-Su needs the help of ARDORs to ensure its success. He said every contract has a "deliverable." He mentioned recent disaster on the Kenai Peninsula, including COVID-19, fires, earthquakes, and fishing disasters. Working

with the assistant secretary of the Department of Commerce, KPEDD was able to create a financial resiliency plan. He said the Kenai Peninsula is the size of West Virginia, has a population of 50,000, and out of the \$270 million of Alaska CARES funds, KPEDD assisted over 1,400 businesses in bringing \$49.6 million to the Kenai Peninsula. He talked about an industry outlook form and a one-day event to give people the idea of "what's going on." He indicated that each of the peninsula's resources is not as great as in other areas of the state, but together is balanced and diverse. He said KPEDD has a \$100,000 contract with the Kenai Peninsula Borough to provide services under Title 29, and in the past year leveraged that amount to \$1.1 million-worth in contracts.

[9:04:46 AM](#)

MR. DILLON, in response to a remark by Representative McCabe, reemphasized his willingness to help the Mat-Su area reestablish an ARDOR.

[9:05:59 AM](#)

REPRESENTATIVE PRAX, referring to Mr. Dillon's statement that KPEDD had brought considerable money into the local economy, asked whether that was due to private investment or government grants.

MR. DILLON answered that it is a combination. He said he had been referring to the Alaska CARES portion. In response to a follow-up question, he clarified that KPEDD does not have memberships and instead charges rent for space in its 30-acre facility. He said rent and "the industry outlook forum" bring in approximately 20 percent, and the rest is "attached to deliverables."

[9:07:55 AM](#)

CO-CHAIR SCHRAGE asked Mr. Dillon to speak to 5-year versus 10-year authorization.

MR. DILLON reiterated that the last time it was supposed to be a 10-year renewal. He said when seeking funding, it is important that the federal government knows ARDORs have the state's support. He said he thinks the 10-year renewal period makes sense. Nevertheless, he recommended that if the five-year renewal period is chosen, then DCCED, ARDORs, SBDC, and the Center for Economic Development should discuss the good ideas

presented in the audit right away to figure out what changes to make and how to make them. He concluded, "I don't see a problem with us trying to hammer something out and make sure that it is successful for everyone."

[9:09:51 AM](#)

REPRESENTATIVE PRAX asked for a recommendation for a deadline to ensure that happens.

MR. DILLON advised that the audit could be addressed within 12-18 months.

[9:10:34 AM](#)

CO-CHAIR SCHRAGE commented that a 10-year renewal period would be helpful, and he said he would be willing to work with the committee to clean up related statutes and implement some of the recommendations.

[9:11:10 AM](#)

REPRESENTATIVE MCCARTY noted the 2016 date of the audit and expressed concern about giving a 10-year extension. He opined that stalling on response to audits results in loss of credibility. He said he thinks a five-year renewal period is "perfectly fine," and once the audit recommendations are addressed then a 10-year period would be fine. He added that choosing a 10-year renewal period [at this time] would indicate that "we're not really looking at these changes intently to take care of them expeditiously."

[9:13:42 AM](#)

MR. DILLON acknowledged the valuable comments being made and said he thinks a compromise is the best way to move forward. He shared this is his sixth year as executive director, and with the changes made in the administration and DCCED in the past two years, "we've never had the support and the continuity that we've got right now." He said everyone should have had the ability to study the audit, but he never received a copy until last night. He said he did not think ARDORs would complain about a five-year renewal, but reemphasized the importance of getting groups together to address needed changes and bring them back before the legislature in the next 18 months.

[9:15:13 AM](#)

CO-CHAIR HANNAN asked whether 2016 was when state funds to ARDORS ended.

MR. DILLON answered he thought it was 2015, then revised his statement to indicate the funding disappeared sometime between 2014 and 2016.

CO-CHAIR HANNAN suggested that the ending of state funds would correlate with the date of the last state-funded audit in 2016.

MR. DILLON replied that that was his understanding.

[9:15:51 AM](#)

CO-CHAIR SCHRAGE said he is not seeing red flags in the audit report, but rather sees good practice suggestions to ensure the programs remain strong going forward. He said he thinks the ARDOR program is successful, and he is becoming more comfortable with the proposed 10-year renewal as he has reviewed this information.

CO-CHAIR HANNAN noted the second audit recommendation was to update grant procedures. She remarked, "But if the state's no longer offering grants, I assume that [the] commissioner concluded it was not worth the effort to go through changing regulations for a program they weren't carrying out."

[9:18:24 AM](#)

MR. DILLON reminded Co-Chair Hannan that when the responsibility for this issue was moved to DCCED, "that staff, and everybody else, has been drinking out of a firehose." He explained he was referring to the events of the last year and half during the pandemic.

[9:19:00 AM](#)

BILL POPP, CEO, Anchorage Economic Development Corporation, said the Anchorage Economic Development Corporation (AEDC) is the ARDOR for the Municipality of Anchorage, created in 1987. He echoed the comments of his fellow ARDOR leaders that the ARDOR program is important in leveraging federal funds and bringing them to the community. He revealed that while not yet announced officially, AEDC is about to receive a \$400,000 EDA grant for community research on the workforce and industry sector regarding the damage done by COVID-19 and laying out community

and economic development strategies and leveraging other opportunities in recovery funds, based on research that informs where dollars are best invested to restore the economy following the 12,000 jobs that were lost last year, as well as the 6,000 jobs lost the year prior due to the lingering recession in Alaska. He emphasized that the ARDOR program will be "an important element in strategies and funding to bring new resources to bear in our community." He said AEDC is partnering statewide with its fellow ARDORs; it receives calls from businesses around the state seeking technical assistance and help in "getting them the resources to get their applications [submitted] for the AK CARES funding that flowed from the state directly to those businesses, not through the ARDORs." He explained he was correcting "a misperception stated earlier." He clarified that ARDORs did not handle the funds or make decisions on who would receive them but were helping hundreds of businesses across the state to compete for the grants.

MR. POPP related that the latest program AEDC is trying to leverage with its ARDOR partners is the "G Beta program," a statewide work pool incubator program that helps small business startups become more technically sophisticated. It is a \$1.5 million program that will run for the next three years and is not costing the State of Alaska or local businesses anything. He said this is one example of the type of work ARDORs do to help businesses get started, to recover, and to restore the state's economy. He urged the committee to consider reauthorization for the ARDOR program. He said AEDC leverages \$750,000 this year from the private sector to match the \$250,000 received from the Municipality of Anchorage. After nearly a year and a half of no interest in new investments, AEDC is starting to work with businesses within Alaska and Outside, employing new investments that will create new jobs in Anchorage. He said acting as an ARDOR is a strong tool in leveraging funds and continuing leadership in increasing the economic stability of Anchorage and the entire state.

[9:24:03 AM](#)

REPRESENTATIVE PRAX repeated his question regarding how much money comes from the private sector.

MR. POPP answered \$750,000 out of the approximately \$1 million budget this year.

[9:24:24 AM](#)

REPRESENTATIVE DRUMMOND asked Mr. Popp to describe what would happen if ARDORs were not reauthorized.

MR. POPP answered that millions of dollars of federal funding opportunities would vanish. He said the ability of ARDORs to leverage federal funds "maximize[s] local investment in several ways as well as the efforts that they can bring to bear." He said economic development is about people; it is programmatic and focused on partnerships and "leveraging private sector with the public sector [to] maximize strategies and to insure the highest odds of success." He concluded, "[To] take away the program, to not reauthorize it, is to take a step backwards for economic development in the state of Alaska."

MR. POPP, in response to Representative Drummond, said the work done to assist other ARDORs has changed over the years. He credited Mr. Dillon as giving much more assistance than AEDC. Notwithstanding that, he said AEDC does look for opportunities to offer support, advice, and partnership with ARDORs across Alaska. He said many people support economic development, but few are "down in the trenches" doing this "thankless" job. He said economic developers do not create jobs; they help facilitate the creation of jobs by the private sector and support that effort. Sometimes it takes years for the developments to "turn into something" tangible.

[9:29:42 AM](#)

The committee took an at-ease from 9:30 a.m. to 9:31 a.m.

[9:31:02 AM](#)

CO-CHAIR HANNAN opened public testimony on HB 192. After ascertaining that there was no one who wished to testify, she closed public testimony.

[9:31:42 AM](#)

CO-CHAIR SCHRAGE moved to report HB 192 out of committee with individual recommendations and the accompanying fiscal notes.

[9:31:59 AM](#)

REPRESENTATIVE MCCABE objected.

[9:32:07 AM](#)

The committee took a brief at-ease at 9:32 a.m.

[9:32:39 AM](#)

REPRESENTATIVE MCCABE removed his objection. There being no further objection, HB 192 was reported out of the House Community and Regional Affairs Standing Committee.

[9:32:49 AM](#)

The committee took an at-ease from 9:33 a.m. to 9:35 a.m.

HR 8-POVERTY AND OPPORTUNITY TASK FORCE

[9:35:19 AM](#)

CO-CHAIR HANNAN announced that the final order of business would be HOUSE RESOLUTION NO. 8, Creating the House Task Force on Poverty and Opportunity.

[9:36:13 AM](#)

REPRESENTATIVE GERAN TARR, Alaska State Legislator, as prime sponsor, presented HR 8. She shared that she grew up poor, in a single-parent household, so she knows personally how difficult it can be for families to get ahead. She was the first in her family to get a college degree and has witnessed what opportunities that has brought to her life. She said she represents one of the three poorest districts in Alaska. She said there continue to be barriers to opportunity and success. The proposed resolution states that 10 percent of Alaskans live in poverty. Material from the Center for Economic Development shows that 45 percent of the children in her district live in poverty, and that is not the only place in the state that that is the case. She said the task force proposed under HR 8 would comprise Alaskans "with lived experience to contribute to the conversation" and identify what can be done to understand the root causes of poverty and eliminate it from Alaska by providing more economic opportunity to all Alaskans.

[9:39:40 AM](#)

PATRICK M. ANDERSON, CEO, Rural Alaska Community Action Program, Inc. ("RurAL CAP"), testified in support of HR 8. He said he thinks the proposed resolution, if passed, will start "a long-overdue and necessary conversation about the root causes of poverty in Alaska" and "potential policy measures that can help

us overcome poverty." He said there is a high rate of poverty in Alaska and those without resources may end up living on the streets.

MR. ANDERSON shared that in the mid-'60s, in Seattle, Washington, he and his four sisters were taken away from their mother, because she did not have enough money to support them. With inadequate foster homes, he and his siblings were housed at the Seattle Youth Detention Center. He said he was about eight at the time and "fresh out of Alaska into a huge city," and the experience was traumatic. He said he and his siblings were rescued by the Aid to Families with Dependent Children (AFDC) program in West Seattle.

MR. ANDERSON said AFDC was replaced by Temporary Assistance for Needy Families (TANF), "with severely reduced funding and scope." He said low-income individuals in Alaska and nationwide are vilified by politicians, called "Welfare Queens," lazy, shiftless, and unwilling to work. He said the Social Security Act, which was vilified in the 1940s, "lifts about 40 percent of our senior citizens out of poverty," including his mother, who would have had no other means of independent support.

MR. ANDERSON said RurAL CAP hopes the task force proposed under HR 8 will provide the opportunity to hear the stories of individuals that have lived with poverty and "to see a complex analysis of poverty completed." He explained there are stratified pockets of low-income individuals: "deep" poverty, "regular" poverty, and those who, without the aid of social programs, would be put into poverty.

[9:44:21 AM](#)

MR. ANDERSON said the American Rescue Act contains a policy change that has the potential to lift up to 45 percent of children out of poverty. He said in their book, \$2.00 a Day; Living on Almost Nothing in America, authors Kathryn J. Edin and H. Luke Schaefer note that as many as 3 million children live on less than \$2 per day. Mr. Anderson said he believes this conversation is appropriate today. He said there are lots of benefits to Alaska in addressing poverty, one of which is that the American Rescue Act would bring in a lot of funds to rural and urban Alaska to help "address these issues."

[9:46:16 AM](#)

KIRK ROSE, CEO, Anchorage Community Land Trust, testified in support of HR 8. He said Anchorage Community Land Trust (ACLT) is a 503(c)(3) nonprofit organization that works in low-income neighborhoods in Anchorage in the areas of real estate, neighborhood improvements, programming, and community organization. He said he was raised in a low-income, single parent home and is a first-generation college student in his family. He stated that his mission and passion is that "low income doesn't equate to low opportunity." He said the cost of poverty is lost potential, not only to individuals but to communities, and it also equates with lost dollars in the economy. He said ACLT works "to fight concentrated poverty with concentrated investment."

MR. ROSE said in the Mountainview neighborhood in Anchorage, the community did not have a financial institution, so residents "banked" at the local pawn shop, paying exorbitant amounts in interest. Then Credit Union 1 located a branch in Mountainview, which benefitted the neighborhood. He talked about initiating a program called, "Set Up Shop," which works with neighborhood entrepreneurs that are typically low-income, setting them up with micro loans and assistance to make their dreams realities. He expressed appreciation that HR 8 focuses not only on poverty but also on opportunity. He said he thinks the duties of the task force are sensible and the lived experience of taskforce members would be valuable. Further, he offered his understanding that there would be no cost associated with the proposed resolution.

[9:51:17 AM](#)

REPRESENTATIVE PATKOTAK directed attention to page 4, lines 12-13, of HR 8, which states that 4 of the 23 members of the task force appointed by the Speaker of the House would be members from tribal governments, Native corporations, or nonprofits affiliated with a recognized tribe. He said he thinks that is an important aspect of the roles played in economics, especially in rural Alaska. He suggested perhaps two of the four could be from tribes and the other two of the four from Alaska Native corporations (ANCs). He explained that those are two different aspect of what village economy looks like. He then pointed to language on lines 19-22, which read:

(9) two members who work in municipal government for a municipality with fewer than 15,000 residents;

(10) two members who work in municipal government for a municipality with more than 15,000 residents; and

REPRESENTATIVE PATKOTAK requested the sponsor consider making that language specify that the each of the two members in the municipality with fewer than 15,000 be from two different communities, and likewise with the two members from communities greater than 15,000. He explained that he suggested these changes so that "we don't end up in a vacuum of what ... some of the solutions might be."

[9:53:31 AM](#)

REPRESENTATIVE TARR responded that she was receptive to those suggestions and happy to work with Representative Patkotak on them.

[9:54:06 AM](#)

REPRESENTATIVE TARR noted that Massachusetts Institute of Technology (MIT) produces a living wage calculator, which shows that a living wage in Alaska for a single adult with no children would be \$15.48; currently the minimum wage is just over \$10.00/hour. This means that "people are earning about \$10,000 too little to just have a living wage." She said that means there are "the working poor" - those working fulltime but not able to support themselves or their families. That means there are government programs, which cost money to run. She said she thinks there are policy solutions that can be considered to increase the efficiency in "the way we spend our dollars" thus resulting in better outcomes. She praised the "Set Up Shop" program. In terms of supporting families, she talked about the importance of flexibility. She said she thinks there is a good opportunity for bringing people together and asking them to help figure out a solution.

[9:57:03 AM](#)

CO-CHAIR HANNAN announced that HR 8 was held over.

[9:57:38 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:58 a.m.