

HOUSE FINANCE COMMITTEE
March 5, 2022
11:02 a.m.

11:02:50 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 11:02 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter (via teleconference)
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Adam Wool

MEMBERS ABSENT

Representative Sara Rasmussen
Representative Steve Thompson

ALSO PRESENT

Kevin Higgins, Self, Juneau

PRESENT VIA TELECONFERENCE

Andrew Moffitt, True North Recovery, Wasilla; Tommy Sheridan, Self, Cordova; Abbe Hensley, Best Beginnings, Anchorage; Kara Nelson, True North Recovery, Wasilla; Anne Bailey, Aleutians East Borough, Anchorage; Mike Welch, Mayor, City of North Pole, North Pole; Valerie Therrien, City Council, City of Fairbanks, Fairbanks; Mark Detter, City Manager, Valdez; Nancy Bale, Alaska School Nurses Association, Anchorage; Don Gray, Self, Fairbanks; Corey Aist, President, Anchorage Education Association, Anchorage; Penny Vadla, Self, School Board Member, Kenai Peninsula; Tiffany Mills, Executive Director, Helping Ourselves Prevent Emergencies (HOPE), Craig; Liz Heywood,

Haines Long Term Recovery Group, Haines; James Kearns, Self, Gustavus; Brian Holst, Self, Juneau; Janine Allen, Self, Southeast Alaska Independent Living, Haines; Terri Walker, Superintendent, Northwest Arctic Borough School District, Kotzebue; Stephanie Berglund, CEO, THREAD, Anchorage.

SUMMARY

HB 281 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 APPROP: MENTAL HEALTH BUDGET

HB 282 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

#hb281

#hb282

HOUSE BILL NO. 281

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental 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. 282

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

[11:04:03 AM](#)

Co-Chair Foster provided the public testimony details and protocol. He asked testifiers to keep testimony to two minutes.

^PUBLIC TESTIMONY: OFFNETS

11:07:31 AM

ANDREW MOFFITT, TRUE NORTH RECOVERY, WASILLA (via teleconference), shared that he is in long-term recovery. He detailed that he is dual certified in behavioral health and chemical dependency counseling. He spoke in support of behavioral health treatment and recovery grants and crisis stabilization grants. He worked as a substance use disorder program manager at True North Recovery. He relayed that without the services he would not be where he was currently. He had seen an increase in the need for substance use services since the over the pandemic. Many of his clients were without housing after treatment. He relayed that the grant funding allowed service providers to serve the most vulnerable Alaskans. He had seen a growing need for crisis stabilization. He had witnessed people succumbing to their disease. He shared that he had lost a child to the disease due to a lack of treatment services. He stressed that crisis stabilization was critical for serving Alaskans in crisis. He provided details about the services. He thanked the committee.

11:10:17 AM

TOMMY SHERIDAN, SELF, CORDOVA (via teleconference), shared that he had been employed in various capacities in the seafood industry in Alaska for the past 20 years. He currently served on the governor's bycatch review taskforce. He supported Representative LeBon's increment in the budget to add \$7 million in general funds to support the University of Alaska's mariculture, North Pacific fisheries, and Arctic Ocean sciences. He stated that Alaska was currently at the forefront of at least two major industrial transitions including those impacting the energy and seafood sectors. He relayed analyses of similar transitions resulted in recommendations to leverage the role that research universities played. He believed the increment acknowledged the unique opportunities and challenges facing the state's seafood industry due to climate change. He believed investment in mariculture provided the best bang for a buck. He spoke to additional benefits of the investment. He thanked the committee.

11:12:36 AM

ABBE HENSLEY, BEST BEGINNINGS, ANCHORAGE (via teleconference), asked the legislature to continue support for Best Beginnings and the Imagination Library. The organization had been good partners with the Department of Education and Early Development since the beginning. She spoke to the goal for all children to be reading by the third grade. Reading strengthened the bond between parents and children. She discussed the importance and benefits of reading. She highlighted that the organization was responsible for coming up with the cost of \$30 per year per child to run the program. She discussed that the number of children receiving books through the program had decreased. She spoke to the need for additional funding to enable the program to increase the number of children receiving books. She reported on the success of the Imagination Library program. She referenced a large scale evaluation of the program. The program increased Kindergarten readiness. She thanked the legislature for an additional \$2.5 million for pre-elementary grants for FY 23. She thanked the committee for its support for young children.

[11:16:20 AM](#)

KARA NELSON, DIRECTOR OF DEVELOPMENT and PROGRAM RELATIONS, TRUE NORTH RECOVERY, WASILLA (via teleconference), shared that she is a reentry coach, volunteer prison chaplain, and board member on the Advisory Board on Alcoholism and Drug Abuse. She spoke in support of behavioral health treatment and recovery grants, and technology and telehealth system and policy improvements. She strongly supported elevating the Alaska Peer Support Certification program and the Crisis Stabilization Grant Fund. She shared information about True North Recovery. She shared that treatment and recovery grants had been used to serve hundreds of Alaskans with treatment services. She spoke to the program goal of long-term recovery. She highlighted the importance of crisis stabilization work. The program was hoping to expand in the Mat-Su Valley. She shared information about her family struggle with untreated trauma and mental health issues. She relayed that she was a woman in recovery. She urged the committee to support the efforts for a better Alaska.

[11:19:30 AM](#)

ANNE BAILEY, ALEUTIANS EAST BOROUGH, ANCHORAGE (via teleconference), provided detail about the communities located within the borough. The borough's only local tax base was raw fish tax. The remaining revenue came from state and federal sources. The borough supported the need for a balanced approach between the Permanent Fund Dividend (PFD) and state services. She asked for support for fully funded school bond debt reimbursement, community assistance, the harbor bond debt reimbursement, and school maintenance. She provided detail about the borough's existing debt for the harbor and projects. She shared that a decision to take on the debt had been made in good faith and understanding that the state would reimburse the borough in full. She elaborated that the FY 19 budget did not include an appropriation allowing the Department of Transportation and Public Facilities to make a payment to the borough for the debt. The borough had not received approximately \$1.5 million for the debt between FY 19 and FY 21 from the state. The situation resulted in a substantial financial hardship for the borough. She asked the committee to look at options to reinstate the reimbursement.

[11:21:59 AM](#)

KEVIN HIGGINS, SELF, JUNEAU, shared that he was present on his own behalf. He detailed that he had worked in private practice in the past and currently worked as an assistant attorney general for the Department of Law. He supported Amendments 1 through 4 offered in the Department of Law finance subcommittee. He believed the amendments were a good first step toward addressing retention issues in the immediate future. He relayed that the department had seen unprecedented transition. He grouped the attorneys working for the department into three categories including new attorneys coming out of law school, attorneys at the end of their careers, and attorneys in the prime of their career who could easily leave to make a lot more money someplace else. The attorneys were working for the department because they wanted what in the past had been better quality of life considerations. He explained that the pay was no longer sufficient, raises had not kept up with inflation, and the workforce was demoralized and burned out. Not knowing whether a budget would be passed at the end of each fiscal year made it challenging. The attorneys had not stepped up to the plate or taken matters into their own hands. He stated the Public Employment Relations Act was a

beautiful thing and the attorneys would start working on the issue.

[11:25:14 AM](#)

MIKE WELCH, MAYOR, CITY OF NORTH POLE, NORTH POLE (via teleconference), spoke about the unfunded liability for Public Employees' Retirement System (PERS). He believed the system needed a serious overhaul. He stated the current 22 percent of salaries the city paid was costing the city \$800,000 per year. He did not believe there was much in the retirement plan for Tier IV employees. He thought a hybrid system was needed. He suggested looking at other systems used around the country. He estimated the liability at approximately \$55,000 per capita. He supported getting the liability paid off and finding a system that worked. He asked for full capitalization of the community assistance plan. He reported the city used the money judiciously and was in an upward growth mode due to Eielson Air Force Base and Fort Wainwright.

Representative LeBon referenced Mr. Welch's mention of Eielson Airforce Base. He thanked the community for making those in service welcome.

[11:27:52 AM](#)

VALERIE THERRIEN, CITY COUNCIL, CITY OF FAIRBANKS, FAIRBANKS (via teleconference), thanked the legislature for supporting 100 percent school bond debt reimbursement. She supported full funding for community assistance. She highlighted the city's tight budget. She stated the funds would help fund a new contract with the police department for salary increases. She thanked the legislature for adding funding for community jails and public radio.

Representative LeBon thanked Ms. Therrien for her work and service on the city council.

[11:29:28 AM](#)

MARK DETTER, CITY MANAGER, VALDEZ (via teleconference), urged support for full funding of \$20 million for the harbor matching grant program. He noted that Valdez was ranked in the top tier for FY 23 harbor grant funding. The city supported the \$8 million increase for community jails. He highlighted that Valdez had one of the lowest funded

community jails in the state. He spoke in support for the recapitalization of the community assistance fund and school bond debt reimbursement. He supported funding for the Alaska Marine Highway System (AMHS) for a full schedule in the current year.

[11:30:56 AM](#)

NANCY BALE, ALASKA SCHOOL NURSES ASSOCIATION, ANCHORAGE (via teleconference), spoke on behalf of the organization representing school nurses statewide. She stated that school nurses had been extremely busy working through the pandemic in addition to their regular duties. She highlighted that the value of having a nurse in school had been shown during the pandemic. She shared that many of the positions were financed through the Base Student Allocation (BSA). She supported robust funding and inflation proofing for the BSA. She supported funding for recruitment and retention for rural areas without school nurses. She asked the committee to pass the \$50 million increase in BSA funding recommended by the subcommittee. She requested funding for recruitment and retention of public health nurses recommended by the Health and Social Services subcommittee. She asked the committee to help ensure every student had access to a public nurse.

Representative Josephson thanked Ms. Bale for her testimony.

[11:33:12 AM](#)

DON GRAY, SELF, FAIRBANKS (via teleconference), shared that he is a grandparent of students in the Alaska school system. He spoke in favor of the Base Student Allocation (BSA) and for children in urban and rural K-12 schools throughout the state. He stressed that children across the state needed an increase in the BSA. He referenced bills that would address the issue with \$50 million. The BSA had not been increased in seven years. He thanked the committee for its time and work. He asked for support of the \$50 million increment.

Representative Wool thanked Mr. Gray for his testimony. He believed the BSA increase bills would be heard in the near future. He thanked Mr. Gray for his service to the education community.

[11:36:15 AM](#)

COREY AIST, PRESIDENT, ANCHORAGE EDUCATION ASSOCIATION, ANCHORAGE (via teleconference), thanked the committee for additional funds directed to the Base Student Allocation (BSA) and debt reimbursement. He advocated for the return to a forward funding model for education. He reported the education world was in crisis with a staffing problem. There had been over 100 open vacancies in the current year that caused significant harm to students. Teachers across the school district had worked hard to keep schools open during the pandemic and needed all of the support they could get. Students needed support in mental health, which had taken a dive. He implored the committee to retain educators and increase the BSA. There was a challenge ahead in the hire of new educators. He thanked the committee for its support and time.

Vice-Chair Ortiz referenced Mr. Aist's testimony about 100 vacant positions and another 100 paraprofessional positions. He asked how many were currently unfilled.

Mr. Aist replied that the numbers were from February and had not changed much. He reported the schools were seeing early submissions of retirees and resignations.

Vice-Chair Ortiz asked for clarification that Mr. Aist was talking about projected openings for the upcoming school year.

Mr. Aist clarified that the positions were currently vacant in the Anchorage School District. He was concerned about staffing for the coming year.

Vice-Chair Ortiz thanked Mr. Aist for his testimony.

[11:40:37 AM](#)

PENNY VADLA, SELF, SCHOOL BOARD MEMBER, KENAI PENINSULA (via teleconference), testified in support of increased education funding. She highlighted the importance of increased education funding and pointed out that full funding was flat funding. She stated that within two years there would be an enormous deficit because the federal funding would go away and there would not be an opportunity to build funds. The Base Student Allocation (BSA) had been the same for too many years, which meant some general funds

were needed. She stated each fiscal year would get worse without an increase to the BSA. She referenced current bills in the legislature that would increase the BSA. She believed students, staff, and families were suffering. She highlighted a problem with teacher retention and student health and wellness. She thought there would be issues in the future. She was in favor of HB 350 for school bond debt reimbursement. She wanted it to be increased to 60 percent for repairs and 70 percent for rebuilds. She shared information about her work in education. She continued to speak to the importance of education and stability in the budget for a long-term fiscal plan and forward funding for education. She wanted the state to put students and education first.

[11:46:01 AM](#)

TIFFANY MILLS, EXECUTIVE DIRECTOR, HELPING OURSELVES PREVENT EMERGENCIES (HOPE), CRAIG (via teleconference), spoke about the housing shortage on Prince of Wales and in other areas. She requested funds to replace temporary federal funds supporting domestic violence and sexual assault statewide. She spoke to the importance of increased access to services such as housing for victims of domestic violence. She pointed out that victims who left their abusers had nowhere to go without having to leave their community. A victim felt betrayed and unsupported when there was no housing to be found. She stated more funding was needed to support transitional housing for victims. She thanked the committee for continued support in domestic violence and sexual assault agencies.

Co-Chair Foster noted there were currently no additional testifiers online. The committee would return at 12:15 p.m. He provided the call in numbers.

[11:50:36 AM](#)

AT EASE

[12:17:39 PM](#)

RECONVENED

LIZ HEYWOOD, HAINES LONG TERM RECOVERY GROUP, HAINES (via teleconference), supported \$586,000 in the current budget for centers for independent living. She shared that Southeast Alaska Independent Living (SAIL) provided critical services for seniors and individuals with

disabilities. She detailed that SAIL had received numerous community foundation grants over the years and she had seen its careful stewardship of the funds. She highlighted that no other organization provided the same services. She shared that SAIL had been quick to step in as part of the recovery team after the devastating 2020 storm in Haines. The organization had been quick to identify and help meet survivor needs after the storm that had killed two people and displaced many others. She shared that SAIL was one of two organizations trusted with emergency response funds to aid in survivor assistance. She asked the committee to retain the \$586,000 increment in the budget for the services.

Co-Chair Foster asked individuals to call in no later than 1:30 p.m. He provided call in numbers.

[12:21:13 PM](#)

JAMES KEARNS, SELF, GUSTAVUS (via teleconference), supported full funding in the budget for the Alaska Marine Highway System (AMHS). He stressed the importance of the AMHS to Southeast Alaska. The system connected the community to the rest of Alaska. He pointed out that most of the AMHS employees were Alaskans. The ferry worked with Alaskans for Alaskans. He shared an experience of traveling on the ferry.

Vice-Chair Ortiz thanked Mr. Kearns for his testimony.

[12:23:19 PM](#)

BRIAN HOLST, SELF, JUNEAU (via teleconference), stated that the top priority for the board was early, adequate, equitable, and predictable funding. He highlighted the substantial increase in inflation in recent years. He pointed out that the Base Student Allocation (BSA) had increased by a much smaller percentage over the same time period. He highlighted reductions in positions and cuts of over \$10 million since 2011 in Juneau schools. Class sizes were increasing, and classrooms were degrading. He referenced the struggle to recruit and retain teachers in Alaska. He stated that despite cuts there had been improvements in graduation rates in Juneau in the past 10 years primarily due to supporting minority and low income students. He stressed the importance of Pre-K funding to prepare students for school. He asked for a stronger

investment in education. He asked for funding for Pre-K and a BSA increase.

Co-Chair Foster provided the call in numbers.

[12:26:57 PM](#)

JANINE ALLEN, SELF, SOUTHEAST ALASKA INDEPENDENT LIVING(SAIL), HAINES (via teleconference), shared that she is a person with a disability and worked as a disability advocate at SAIL. She shared information about her disability related to hearing loss. She spoke in support of funding for SAIL. She shared that the organization provided services to enable Alaskans with disabilities to remain in their homes. She reported that funds had not been increased in many years. She shared benefits of the program. The program created jobs and saved money, while benefiting individuals. The pandemic had disproportionately impacted seniors and people with disabilities. She asked the committee to support funding for centers for independent living like SAIL.

Co-Chair Foster noted the committee would return at 1:00 p.m.

[12:29:17 PM](#)

AT EASE

[1:03:12 PM](#)

RECONVENED

Co-Chair Foster provided the call in numbers for testifiers.

[1:04:30 PM](#)

TERRI WALKER, SUPERINTENDENT, NORTHWEST ARCTIC BOROUGH SCHOOL DISTRICT, KOTZEBUE (via teleconference), thanked the committee for its work and subcommittee process. She spoke in support of increased Base Student Allocation (BSA) funding. She underscored that reliable funding was crucial for districts to plan and prepare for the upcoming school years. She spoke to the importance of attracting and retaining teachers. She spoke to a high teacher turnover rate in rural areas of the state. She shared that teacher shortages were occurring nationwide. She highlighted that inflation was damaging public education and student

opportunities in Alaska. She reminded the committee that the governor had stated inflation was at a 40-year high and it was damaging public education. The current budget process did not account for inflation. The funding received had to cover fixed costs. She gave examples of fixed cost increases. There had been a substantial increase in heating fuel expenses in the past year. The price continued to increase daily, and it had been a cold winter. She stated that the need to fly in fuel increased the cost. Food costs had increased, and salary increases had been certified. The district had to make cuts to programs, counselors, and student activities. She thanked the committee.

Co-Chair Foster provided the committee email address and call in numbers.

[1:11:12 PM](#)

STEPHANIE BERGLUND, CEO, THREAD, ANCHORAGE (via teleconference), shared that the organization was a nonprofit working to increase access to affordable and quality early education. She thanked the committee for supporting the operating budget and for supporting the subcommittee's recommendation for an increase for Pre-K. She highlighted that early childcare programs had struggled during the pandemic. She spoke to the need to support early childhood education. She relayed there were increased operating costs and a workforce shortage. The organization was grateful for the federal relief funding, but it did not believe the funds would be sufficient to stabilize the sector. She encouraged the allocation of additional COVID relief funds to childcare. She stated that childcare was critical infrastructure in Alaska, allowing families to get to work, school, and training. She thanked the committee.

[1:13:25 PM](#)

AT EASE

[1:36:45 PM](#)

RECONVENED

Co-Chair Foster relayed there were no additional testifiers. He provided the committee email address and call in numbers.

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the schedule for the following meeting.

#

ADJOURNMENT

1:38:41 PM

The meeting was adjourned at 1:38 p.m.