

SENATE FINANCE COMMITTEE
February 21, 2024
1:03 p.m.

1:03:10 PM

CALL TO ORDER

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

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

PRESENT VIA TELECONFERENCE

SUMMARY

SB 186 APPROP: OPERATING BUDGET; CAP; SUPP; AM

SB 186 was HEARD and HELD in committee for further consideration.

SB 187 APPROP: CAP; REAPPROP

SB 187 was HEARD and HELD in committee for further consideration.

SB 188 APPROP: MENTAL HEALTH BUDGET

SB 188 was HEARD and HELD in committee for further consideration.

PUBLIC TESTIMONY: FAIRBANKS, INTERIOR, COPPER RIVER VALLEY, DELTA JUNCTION, GLENNALLEN, TOK and OFFNETS

#sb186

#sb187

#sb188

SENATE BILL NO. 186

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

SENATE BILL NO. 187

"An Act making appropriations, including capital appropriations and other appropriations; making reappropriations; making appropriations to capitalize funds; and providing for an effective date."

SENATE BILL NO. 188

"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."

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^PUBLIC TESTIMONY: FAIRBANKS, INTERIOR, COPPER RIVER VALLEY, DELTA JUNCTION, GLENNALLEN, TOK and OFFNETS

Co-Chair Stedman handed the gavel to Senator Bishop.

1:04:45 PM

RECESSED

1:05:36 PM

RECONVENED

}Chris Noel, Mayor, Denali Borough{ testified in favor of increased funding for public education, a significant increase to the Base Student Allocation (BSA), automatic inflation increases for the BSA, \$30 million in re-capitalization of the Community Assistance Fund, and the major school maintenance grant fund. He thanked committee members and staff for their work. He noted that there were several members of the Denali Borough Assembly in the gallery. He cited that anything less than an \$1,100 increase to the BSA would force the borough to make difficult decisions. He listed items funded through the Community Assistance Fund.

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}Josh Verhagen, Mayor, City of Nenana{ spoke in support of increased funding for the BSA. He mentioned meeting with the Nenana Superintendent the previous day. He mentioned an increase of \$600 in the BSA in order to balance the school district budget. The district had an estimated \$7,800 per student. He advocated for public safety funding. He mentioned that the Nenana Fire Department was consistently underfunded, and lacked resources needed to provide services. He mentioned funding for the Department of Transportation and Public Facilities (DOT) road maintenance. He encouraged support for a road re-surfacing and improvement project for mile 303 to mile 306 of the Parks Highway. He supported funding for the Alaska Long Trail Project, and mentioned working with the Fairbanks North Star Borough to connect the two communities.

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}Bryce Ward, Mayor, Fairbanks North Star Borough{ testified in support of increased education funding. He relayed that his school district was facing tens of millions of dollars in budget shortfalls, partly due to drops in enrollment, flat funding, and lack of increases to the BSA. He mentioned two school closures and a potential tax increase proposed to voters to help fund education. He mentioned success with recapitalization of infrastructure. He thought the education funding was a statewide issue. He noted that the district put about \$10 million per year into the capital program. He mentioned support of UAF's childcare facility, which was utilizing a federal funding package but

needed a \$3 million increase to expand capacity for the community.

Senator Bishop complimented the borough for matching capital projects for deferred maintenance.

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David Pruhs, Mayor, City of Fairbanks{ spoke in favor of robust hiring strategies for DOT. He thanked the committee for a 2023 capital appropriation of \$3 million to knock down the Polaris building. He noted that the project was on schedule and under budget. He relayed that he had looked at the Statewide Transportation Improvement Plan (STIP) and stressed how much the Interior depended upon DOT for road services, plowing, maintenance, paving, and contracts. He thought Fairbanks had to be aggressive in filling its ranks in the Public Works Department. He mentioned the constraints of competition with Willow, and thought the city needed to get aggressive with sign-on bonuses. He thought the state should do the same with DOT.

Senator Bishop complimented the public works department and the Northern Region DOT, which he thought did an outstanding job with snow removal.

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Bryana Garcia Delacruz, ThriveAlaska and Northern Interior Alaska Association for the Education of Young Children, Fairbanks{ spoke in favor of additional funding for early childhood education programs. She cited that over 148 childcare businesses had closed in the state since 2019, representing a 20 percent loss in childcare programs. She cited that over 51 percent of families in the state could not fully participate in the labor workforce due to lack of services, and currently only 47 percent of families had access to early childhood education services in Fairbanks. She requested a \$30.5 million increase in the state's funding of childcare programs, which was the amount stakeholders had identified as needed to stabilize the childcare sector. She explained that the funding would be used to support recommendations from the governor's childcare task force and would increase funding for childcare assistance and the childcare grant program. Additionally, she requested an additional \$5.1 million for

Alaska's Head Start programs, which would serve as the 20 percent federal match requirement.

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~Brook Freeburg, Self, Fairbanks{ testified in support of increased education funding. She had three children and recounted moving to Alaska. She recalled seeing a steady decline and school offerings and increased class sizes due to lack of funding. She thought the state's most important resource was its children. She asserted that inadequate education funding caused outmigration and suppressed population growth. She considered the decreased value of education due to inflation and supported a BSA increase of \$1,413.

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~Marsha Oss, Self, Fairbanks{ spoke in favor of \$1 million in general funds to support mobile crisis teams, local system of care development, and referral support for people experiencing a mental health or substance abuse crisis. She mentioned the Alaska Mental Health Trust Authority (AMHTA) and the Crisis Now model. She supported an additional \$250,000 for crisis services grants in the Division of Public Health. She supported the allocation of \$1.5 million for Alaska's food banks and food pantries. She noted that the primary concern for most re-entrants was food security. She supported \$2.85 million in GF for the Homeless Assistance Program.

[1:22:13 PM](#)

~Christina Turman, Self, Fairbanks{ testified in support of raising the BSA by at least \$1,000. She referenced the constitutional obligation to establish and maintain a public school system. She referenced the governor's idea to provide more funding to charter schools and home schooling, while not supporting the BSA for all students. She cited studies that indicated socioeconomic and parental involvement factors affected student success. She considered that charter schools were not an option for all students. She wanted to call attention to families with less resources that would not be able to participate in charter schools.

[1:24:42 PM](#)

~Matt Nunnely, Self, Fairbanks{ spoke in favor of funding for the Division of Forestry to increase wildland firefighter wages. He relayed that he was a state-employed wildland firefighter and had been a wildland firefighter for a decade. He mentioned the loss of experienced firefighters in the Northern Region due to lack of competitive wages and benefits. He cited that Alaska's wages were 42 percent behind fair compensation in other parts of the country, which led to experienced and well-trained firefighters leaving the state. He discussed bringing in out-of-state firefighters at a much higher cost during times of high fire danger. He thought vacancy levels left the state without enough firefighters in the state to control new fires. He discussed the high number of wildfires in the state.

[1:26:56 PM](#)

~Dr. Laura Haag, Self and Alaska Disability Advocates, ADA Litigation LCC, North Pole{ supported funding for behavioral health startup Crisis Now grants. She was a 30-year resident of Interior Alaska. She thought behavioral health services were particularly needed in the Interior. She considered that the mental health issues in the state were different than in other areas. She thought there was a great number of undiagnosed people with autism in the state. She thought the services would prevent people from being incarcerated. She thought many had their civil rights violated because of lack of services. She supported any grant funding that would help with homelessness and recidivism, which were linked to mental or physical health decline. She mentioned comments by United States Senator Dan Sullivan that had indicated that 30 percent of females were contemplating suicide after the Covid-19 pandemic. She urged members to address mental health and consider civil rights.

[1:30:36 PM](#)

~Jen Gunderson, Self, North Pole{ testified in support of increasing the BSA by at least \$1,413. She referenced a school board meeting in which parents, teachers, and community members had advocated for keeping schools open. She thought the Fairbanks area could lose as many as four schools. She thought it was important to share that a potential closure was a school on Eielson Air Force Base.

She thought the closures were not due to mismanagement but rather to inadequate funding.

[1:32:27 PM](#)

~Kristen Schupp, Self, Fairbanks{ spoke in favor of an increase to the BSA of at least \$1,400. She thought the future of the state would be compromised without a BSA increase. She discussed school closures in her area. She referenced testimony from a recent Fairbanks School Board meeting. She emphasized the importance of the lives of children that would be the future workforce of the state. She stressed the importance of a functional, thriving school system.

[1:33:52 PM](#)

~Madeline Handley, Self, Fairbanks{ testified in support of funding for increased pay for wildland fire crews. She mentioned that she was part of a wildland fire crew in the Division of Forestry and Fire Protection. She discussed the resignation of fire crew members due to low pay, most of whom were later employed with federal fire crews or other states. She discussed challenges with recruiting firefighters at a low rate of pay, and subsequent challenges with training and certification. She mentioned the consequence of the crew being unable to meet national qualification standards, and the lack of experienced fire crews. She recounted that the previous summer there was a low rate of fire, and after an increase the state was forced to hire more costly fire crews from out of state that lacked local knowledge.

[1:36:09 PM](#)

~Laona DeWilde, Self, Fairbanks{ spoke in favor of funding for wildland fire crews. She had been a wildland firefighter since 1992. She was a smoke jumper and hot shot for Alaska Fire Service and had worked for the state since 2013. She recounted other services provided for hurricanes, floods, terrorist attacks, eradication of beetles in hardwoods. She discussed the fire response to the Chena Hot Springs fire, which had been crucial and had prevented homes from being burned. She discussed low pay and high turnover rates. She discussed the need for more crew members. She expressed concern about inexperienced firefighters. She discussed the need for training and the

teams necessary to manage large fires. She discussed the lack of experienced firefighters and the state's need to pay out-of-state firefighters. She contended that increasing wildland firefighter pay was a positive investment for the state.

[1:39:16 PM](#)

~Elisabeth Nadin, Self, Fairbanks{ testified in support of increased funding for public education. She had moved to Fairbanks in 2010 and had two kids in the public school system. She discussed decreased funding to schools and the increase in class sizes. She shared concerns about the level of education not keeping pace with national standards. She wanted an increase to the BSA so Alaska could continue to offer the level of education to ensure children's futures.

[1:41:02 PM](#)

~Elena Sudduth, General Manager, Interior Gas Utility, Fairbanks{ supported a \$20 million capital budget request for Interior Gas Utility's (IGU) extension of mainline. She noted that IGU was a publicly owned utility that did not recoup returns through rates and did not have shareholders or owners. She explained that IGU was owned by the Fairbanks North Star Borough and had a mission to bring clean-burning natural gas to as many people as possible as soon as possible. She noted that the area was challenged with high energy costs. She mentioned that IGU's partner was building a liquefaction facility near Deadhorse, which would provide security of supply. She discussed costs related to liquefaction. She asserted that the best means to be equitable to Interior Alaska was to allocate funds for mainline extension, which would allow IGU to continue to add customers and spread the fixed cost further.

[1:43:28 PM](#)

~Maria Legend, Self, Alaska Native Community, Anchorage{ testified in support of continued funding for Division of Public Health crisis services, homeless assistance programs and special needs housing. She shared that she had a son with mental illness and lived in an assisted living home.

[1:45:12 PM](#)

~Nicky Eiseman, Self, Ester{ spoke in support of public education funding. She thanked the Senate and Senator Bishop for being supportive of education. She had moved to Fairbanks 50 years previously and had four grandchildren entering the education system. She thought the education system was in decline due to lack of support. She stressed the importance of keeping young families in the state and mentioned outmigration. She discussed a potential school closure on the base.

[1:48:17 PM](#)

~Heidi Hatcher, Self, Gakona{ testified in support of increased funding for early childhood education and pre-K grants. She had two small children. She discussed the challenge of living and working in rural Alaska without childcare resources. She conveyed that there were no daycare facilities in her area. She supported Head Start programs.

[1:49:29 PM](#)

RECESSED

[2:12:05 PM](#)

RECONVENED

~Jacqueline Muehlbauer, Self, Fairbanks{ testified in support of increased funding for public education. She considered that there was a school funding crisis, and referenced two school closures the previous year. She discussed moving to Fairbanks two years previously. She was concerned about further school closures. She discussed lack of education funding in Arizona.

[2:14:28 PM](#)

~Brandy Harty, Self, Fairbanks{ testified in favor of increased funding for public education. She relayed that she was a member of the Fairbanks School Board. She referenced hours of public testimony at a recent school board meeting. She referenced a chart that depicted school funding over time, which showed the most recent BSA increase in 2017. She discussed increased spending in other areas of state government. She referenced high inflation and the need to prioritize the future of the state. She noted that she was a military spouse and was born and

raised in Alaska. She thought the state was not prioritizing the education of its children.

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RECESSED

2:31:55 PM

RECONVENED

~Iris Sutton, Self, Fairbanks{ testified in support of increased funding for public education. She mentioned Pearl Creek Elementary School, which she and her children had both attended. She noted that the school was being considered for closure. She thought there had been a decline in the quality of school programs due to lack of funding. She shared that she was a lifelong Alaskan. She supported funding for music education. She thought education was the most important item to fund in the state.

Senator Bishop discussed the agenda for the following day.

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ADJOURNMENT

2:34:58 PM

The meeting was adjourned at 2:34 p.m.