

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2801

organisms then diversified over the next few billion years into the organisms that exist today (Campbell, Neil A., Jane B. Reece, Lawrence G. Mitchell, 1999).

This current view of evolution works according to natural selection. It also is supported by our current analyses of genetic similarity and differences, the same analyses that enable us to manipulate those organisms in existence to become new organisms, an example being Monsanto corn. Further more, it is supported by and supports our current understanding of genetics. The same genetic understanding we use in our modern medicine and understanding of disease. We also use this understanding of genetics in our agriculture, molecule biology, nutrition, and almost all, if not all, of our other biological fields. This theory of evolution by natural selection is the basis of biology and as such is indirectly the basis of America's economical growth since the beginning of the green revolution.

This theory of evolution by natural selection is not only supported in modern societies, but in nature as well. Wherever you look in nature there is evidence of evolution (Campbell, Neil A., Jane B. Reece, Lawrence G. Mitchell, 1999). You can follow paths of how one organism lead to another which led to another. A perfect example of this is seen in plasmodial slime molds, cellular slime molds, and multicellular organisms such as fungi and animals. Even though the genetic placement of some of these organisms is currently unknown they demonstrate an evolutionary path quite well. The plasmodial slime molds have a stage of life where they are a huge (for single celled organisms) unicellular organism with a multitude of nuclei (Campbell, Neil A., Jane B. Reece, Lawrence G. Mitchell, 1999). From there it is not hard to imagine how the cellular slime molds came into existence. Cellular slime molds can live independently

but can also come together and function as a single organism that is on the edge of being multicellular (Campbell, Neil A., Jane B. Reece, Lawrence G. Mitchell, 1999). Then there are multicellular organisms such as some less complex molds where the cells acting together as an organism differentiate and take on specific functions to keep the organism as a whole alive. This path, although quite possibly inaccurate, shows how one thing that provides an organism an advantage is carried on and modified to provide an organism with a greater advantage within its environment.

Another example of evolution, which is supported and not just demonstrative of an idea, is the classic example of the Galapagos Finches. The Galapagos Finches are the finches that live on the Galapagos Islands. Each species of these finches is well suited to its particular environment (Smith, Jonathan, 2005). They have adapted over generations to be able to survive and thrive within their environment. There are also other species of finches in South America and in other places in the world with climates more similar to the Galapagos Islands than South America. If the finches had been created placed there wouldn't it make more sense for them to be more similar to the finches in environments to their own than the finches in South America? Why bother with making finches that are suited to an environment that is basically the same as another environment, but have less in common with the finches in a similar environment than the finches that are on the neighboring continent in a different environment (Smith, Jonathan, 2005)? The finches that inhabit the Galapagos Islands are much more similar in appearance and genetically to the finches on the nearby main land of South America, than the finches in other parts of the world with climates that are basically the same. This wouldn't make much sense if all of the finches were created in their environment, however if the finches on the

Galapagos Islands came from those on the main land and then evolved to be able to survive in their new environment the similarity to the finches on the main land and the differences with the finches in other parts of the world would be explained (Smith, Jonathan, 2005).

Another example along the same lines is seen in the Guppies (*Pocilia reticulata*) in Trinidad, a Caribbean Island. Two populations of guppies that were originally almost identical are less than one-hundred meters apart, but they are separated by a waterfall. In one population the guppies are feed upon by a fish called a killifish, which preys predominately on small, juvenile guppies. In the other population the guppies are eaten by pike-cichlid, which primarily eats relatively large, sexually mature individuals. The guppies in the population exposed to the pike-cichlids have more offspring, reproduce at younger ages, and are smaller at maturity than the guppies that are exposed to the killifish (Campbell, Neil A., Jane B. Reece, Lawrence G. Mitchell, 1999). This demonstrates natural selection. Those guppies that were more suited to their environment survived to produce offspring more often than those that didn't and thus the population on average changed. As time continues to pass the two populations of guppies will gradually become more different from each other. If the two populations continue to remain separate they will continue to change in the same manner as they have so far. If enough time is allowed to pass and then the two populations were reintroduced to each other they would eventual have gotten to the point where they could no longer interbreed to produce viable offspring, either due to prezygotic barriers, such as gametic isolation, or postzygotic barriers, such as reduced hybrid viability. The two populations would become different species, they would have evolved due to natural selection

A fourth piece of evidence for natural selection is found in the very existence of fungi, in particular the reproductive habits of fungi. Two lineages of the same species of fungi can go on for hundreds of generations dividing through mitosis to form identical clones of themselves. However, if the environment changes so that evolutionary pressure is applied to the fungi, for instance if the humidity in their environment changed, then the two lineages of fungi would suddenly undergo syngamy, the fusion of two gametes to form a zygote (Smith, Jonathan, 2005). This would cause new fungi that were genetically varied from each other and their parents, due to random recombination of the DNA, genetic material, by the process of meiosis (Smith, Jonathan, 2005). The range of variation would cause those fungi that were the most suited to the change in environmental conditions to survive and be able to reproduce again, while eliminating the fungi that were less suited to their environment. If this continued to happen over a multitude of generations the fungi that would result could no longer mate with the species of fungi from which they came. In the example of the humidity change the new fungi would eventually not be able to live in a climate with the humidity that the original species could live in and this would cause a prezygotic barrier that would stop there from being any possibility of the two different fungi mating in nature. The two fungi would be different species. The one fungus would have evolved by natural selection into a new species. The very existence of a sexual life cycle built specifically suited to allow survival of generations over other organisms by natural selection would be a tremendous advantage if natural selection was indeed the mechanism by which evolution occurs. The implementation of this reproductive life cycle by one of the most successful groups of organisms that currently exists on this planet is some of the most compelling evidence

that could possibly exist to support natural selection. Considering that two of the oldest, largest, and best adapted organisms on this planet are fungi that have been found in the United States, and that fungi are some of the most evolutionarily adapted organisms in existence, to say that they were not one of the most successful organisms would be ridiculous (Campbell, Neil A., Jane B. Reece, Lawrence G. Mitchell, 1999). This is but a miniscule amount of the evidence for evolution by natural selection that's available in the world.

Given this colossal amount of evidence that supports evolution by natural selection for there to be as many people as there are that consider it to be incorrect or false there must be some evidence against it? Right? Unfortunately, for those that would argue against the theory of evolution by natural selection, there currently is no evidence against it whatsoever! Thousands of attempts to disprove evolution by natural selection have been made. None of them have yielded results that oppose evolution by natural selection and many have actually supported it in their failure to disprove it. Yet there are people in the world today, which live off of an economy based on information that supports natural selection and would be refuted if natural selection was to be refuted, who still believe evolution by natural selection to be a flawed concept.

There are very few arguments made against evolution. One of the main arguments against evolution is that it is just a theory (Campbell, Neil A., Jane B. Reece, Lawrence G. Mitchell, 1999). This argument is less than worthless. Evolution by natural selection is a scientific theory. In science a theory is as good as it gets (Smith, Jonathan, 2005). Sometimes theory can be incorrect, but most often as support for a theory increases the probability of that theory being incorrect decreases. Darwin's theory of

evolution by natural selection is one of the most supported theories in all of science! It is almost as well supported as Newton's theories of gravity and friction are supported! To say evolution is just a theory is a way to disprove it is about as ridiculous as saying everything in science is disproved because, at best, they are just theories. The reason for this argument is a general misconception that most people have due to the misuse of the word theory.

Most people consider a theory to be an educated guess, partially due to the misuse of the term in such things as Sherlock Homes and other mystery novels. An educated guess is actually a hypothesis, but for some reason, authors of these books decided to use the word *theory*, possibly because they thought that it sounded cooler. For whatever reason the general population usually considers a theory to be a hypothesis. In actuality a theory is an explanation of why something is the way that it is based on the entirety of available information that has something to do with the explanation.

If new information causes a problem with a theory the theory is modified so that it is compatible with the new information (Smith, Jonathan, 2005). If new information shows that a theory is exceptionally off the theory is done away with. This is why the current theory of evolution by natural selection is not just a guess it is the best explanation for why life is the way it is on the planet Earth that we have been able to come up with thus far!

In actuality the theory of evolution was immediately accepted, even by the Catholic Church (Smith, Jonathan, 2005). However, natural selection being the mechanism of evolution was not accepted by certain religious groups because it contradicted the Bible on several points. For one it contradicted the Bible on how long

the Earth had existed. Secondly, it contradicted all forms of life being made by god, also known as creationism. It also undermined the significance of humans and made us seem to be rather unremarkable. These are the main reasons that were given for opposition to the theory of evolution by natural selection, and with the given information, all opposition that has occurred has been, at best, exceedingly absurd.

There is one creationist view that the theory of evolution by natural selection does not contradict. At some point, the creation of the original matter of the universe is unexplained. The view that an all powerful being or force could have created this starting matter is currently unopposed by any commonly known hypothesis or scientific theory.

“Descended from the apes! My dear, let us hope that it is not true, but if it is, let us pray that it will not become generally known.” That was said by the wife of the Bishop of Worcester after she heard about the *Origin of Species*.’ (Horan, Patricia, 1979, page v). Ever since the publication of the *Origin of Species* by Charles Darwin in 1859 the theory of evolution by natural selection has had strong opposition from people including those in several religious groups. The opposition to this theory is due to it contradicting one of the most powerful and influential books ever written, the Bible. In a massive number of instances the theory of evolution by natural selection contradicts the Bible. By doing this it opposes religions based on the Bible and makes major alterations to the interpretation of the Bible. Creationism is more of a ledger of rules by which human beings are ethically and morally guided. It provides a certain level of comfort to know that there is an omniscient, omnipotent Being in charge of our worlds. However, the Theory of Evolution, by natural selection, is an extremely well supported scientific theory. Evolution by natural selection is an excellent explanation for how life came to

exist as it is presently does on Earth; there is evidence for it wherever you look in nature; and there is no evidence against it. Some might argue that while evolution is merely a theory, others might argue that creationism is at best, a good story for the ages.

#### Bibliography

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Smith, Jonathan. Lecture. January 7<sup>th</sup>-February 7<sup>th</sup>, 2005.

Capital Punishment is the most controversial form of criminal punishment. The United States is one of the last modernized countries that still executes its criminals. People are put to death and later found innocent of the same crime. It is a cruel and immoral method of punishment and the U.S. should stop using it as a form of sentencing criminals. The U.S. should ban all methods of capital punishment and substitute life in prison as the maximum sentence.

The risk of putting innocent people to death is very high. Since 1973, 102 have been acquitted of their charges, mainly because they were proven innocent by DNA. Just within the past four years, 17 people were found innocent after being sentenced to death. In Illinois, over a twenty-year period, they freed more people from death row than executed. Today, police have opened at least 9 cases in that state in which they have found evidence that contradicts other evidence used to sentence people to death.

Malcolm Rent Johnson was sentenced to death by the state of Oklahoma in 2000. A year and a half after his execution, he was proven innocent. Johnson was convicted based on testimony of Oklahoma City police chemist Joyce Gilchrist who found that the blood type of Johnson matched sperm found in a 76-year-old woman's apartment who was killed in 1981. The Oklahoma City police reexamined the evidence and found that there was no sperm found at all. Oklahoma City police claim they simply have stretched the truth.

The practice of the death penalty is cruel and degrading. One method of the death penalty is electrocution, where the executioner sends a jolt between 500 and 2000 volts into a metal skullcap attached to the prisoners head. 11 states use the electric chair. The main method for the death penalty in the United States is by lethal injection. A prisoner is first drugged with an anesthetic that will put them to sleep. Then a paralyzing solution is injected to stop the breathing. Finally, a lethal dose of toxic agent is given and causes the inmate to go into cardiac arrest. Usually, the whole process of execution by lethal injection takes anywhere between 5 and 18 minutes to complete. The process of capital punishment is crueter as the original crime because it is completely stated.

The United States is one of the last civilized countries that still exercises capital punishment. The U.S. is also one of the few countries that executes mentally ill persons, persons with very low IQ, and murderers under the age of 18. Most modern developed nations have stopped executing prisoners and instead the most severe form of criminal punishment is a life sentence in prison. Recent polls show that there is an increase of people wanting life in prison as the maximum sentence.

Supporters of the death penalty argue that it is the best deterrent for murder. This only works when executions are carried out immediately. The idea of deterrence is supposed to encourage people not to kill. However, it sends a message that killing is okay. Studies show there is no unusual increase in murder in countries without the death penalty. Countries such as Sweden, the Netherlands, and Belgium have abolished the death penalty and have had no increase in murders. 112 countries have banned the death penalty. Life in prison works just as well as the death penalty in persuading a person not to commit a violent crime.

Supporters also claim the death penalty is a necessary form of retribution for terrible crimes. They say that people who have taken lives deserve to have their life taken. One supporter said, "If we fail to execute murderers, we have allowed the killing of a bunch of innocent victims." Life in prison is not allowing killings of innocent people but allowing the murderer to repay the damages to the family as well as be punished. Taking lives as a punishment lowers the social standards to the criminal and justifies what he or she did. The death penalty not only punishes the murderer, but his/her family and they too have a family member killed as a result.

Another position in favor of the death penalty is that it is a lot cheaper than to hold prisoners in jail for life. However, holding a person in jail is far cheaper over time than executing someone. The cost of executing someone is accumulated immediately, but the cost of life in prison is spread out over a longer period of time. For example, a million dollars today is a lot harder on the state than a million dollars that can be paid over a 40-year time period. Death penalty cases are clearly more expensive because of all of the appeals and cases being overturned. In America, only about 12% of the people sentenced to death are actually put to death. In Texas, the average cost of an execution costs about 3 times as much as 40 years in a maximum-security prison. Nearly every state that uses the death penalty spends millions extra per year on death penalty cases.

The death penalty is a brutal method of punishment and doesn't work any better than life in prison in regards to deterring crime. Every year people on death row are proven innocent and freed. It justifies the crime that a murderer commits and is more expensive than imprisonment. Executing a killer doesn't bring back the victim. The United States should stop practicing capital punishment altogether.

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February 22, 2005

Representatives Meyer and Chenault  
House Finance Committee  
State Capitol  
Juneau, Alaska 99801

Re: HB 135 – Fast Track Supplemental Bill – small city assistance

Dear Representative Meyer and Chenault and Committee Members,

Since municipal revenue sharing was established in 1969, 84 cities have incorporated voluntarily. While not the only reason for incorporation, revenue sharing represented a way to make a better life for people in communities with very small tax bases. For example, according to the "Alaska Taxable" Ambler receives only \$7500 revenue for each 1% of its 3% sales tax, and has virtually no local property tax base. While small cities can attract considerable grant and program money (much of which flows through urban areas), there are no continuing basic operation funds except for local taxes and municipal revenue sharing. There is strong evidence that approximately half of the small cities in Alaska are not able to operate or are in financial crisis primarily due to steeply rising local costs, and the loss of state revenue sharing. Therefore, the Alaska Municipal League strongly supports the need for fast track \$25,000 grants to cities under 100 population; \$50,000 grants to cities 101 to 600; \$75,000 grants to cities 601 to 1200.

Due to a lack of local revenue 10 cities have had their municipal insurance canceled while 33 more cities are on month-to-month payment plans for insurance. The \$6.5 million dollar cost of the Governor's revenue sharing proposal is likely far less than the potential state responsibility for uninsured losses in cities, especially in the unorganized borough which is constitutionally administered by the legislature (Art X Sec 6 "The legislature shall provide for services it deems necessary or advisable in the unorganized boroughs...").

Is it right for the legislature to financially help cities? Yes. Only the State has the power to share revenue to ensure that basic services are provided to all Alaskans and are affordable. According to a 2004 survey, Alaska is one of two states with no revenue sharing. Also, in a recent survey of Alaskans, 76.2% of respondents, largely urban, strongly to mildly agreed "it's important for state government to help rural communities that lack a tax base to generate sufficient tax revenue to provide basic local public services."

Thank you for your dedication to Alaska and your consideration of this important issue.

Sincerely



Kevin Ritchie  
Executive Director

**January, 2005**  
**Local Government Issue Paper**  
**Alaska's Small Cities in Crisis**



In 2003, there were 94 cities with annual local government operating budgets under \$300,000 per year, and averaging \$164,000, to provide public services for an entire community (according to State figures, DCED). From 2003 to 2005, those 94 cities (out of a total of 146 cities in Alaska) lost an average of approximately 42% of the revenue required to provide basic public services. The crises are due to massive State cuts to cities at a time of skyrocketing local costs and economic downturns. In 2004, Alaska became one of two states that eliminated its local government revenue sharing programs. Most small rural cities operate in a cost effective manner with many part-time or volunteer positions. However, most of Alaska's small rural communities have very little local tax base due to cash poor subsistence economies.

<b>2003 Average Operating Budget for two thirds of AK Cities</b>	<b>\$164,000</b>
<b><u>Examples of Approximate 2003-04 Cuts/cost increases:</u></b>	<b><u>-\$69,000</u></b>
2003 State Cuts to Revenue Sharing/Match Grants	-\$10,000
2004 State Eliminates Revenue Sharing	-\$40,000
Fuel/electricity/goods rise due to oil prices	-\$7,000
Community insurance increases	-\$6,000
State mandated increases (PERS)	-\$4,000
New state inspection fees, service transfers, etc.	-\$2,000

**Growing Impacts of Loss of Revenue Sharing, etc.**

It is difficult to know the status of small rural communities. Few that fail have the administrative capacity to take steps to formally dissolve. They simply layoff their employees, cease being able to hold elections, cancel insurance for community facilities, stop providing services, etc. In some cases tribes or other organizations take over key government services.

As of last month, the following cities have either been unresponsive to contacts by the State, have not held local elections, entered into an agreement with a tribe to assume city responsibilities, or contacted the State regarding formal dissolution: **Akhiok, Ambler, Chevak, Holy Cross, Hughes, Kiana, Kivalina, Koyukuk, Lower Kalskag, Napaskiak, Nikolai, Platinum, Russian Mission, Scammon Bay**. Additionally, 10 cities or more have had their insurance canceled for lack of payment to date, and approximately 33 more cities are on month-to-month payment plans because they can't afford the premiums currently.

While it is too early to say how many cities have ceased operations, a great number are unquestionably in peril. The loss of public safety, transportation, and other key local services is having a huge negative impact on the people of Alaska.



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February 11, 2005

Senators Lyda Green and Gary Wilken, Co-Chairs  
Senate Finance Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

RE: SB 98 – Fast Track Supplemental Appropriation Bill

Dear Senators Green, Wilken and Finance Committee Members:

As the director of the self-insurance pool for approximately 140 municipalities and school districts in Alaska, I have seen first hand the financial hardships small communities are faced with since the elimination of municipal assistance and revenue sharing.

You may recall the newspaper articles in early December: I was forced to cancel workers' compensation, liability and property insurance for ten communities that were unable to pay their bills or stay current with payment contracts. Since that time, I have had to cancel several more. Even now, as many as seven communities are within a week of losing their coverage due to lack of payment, while a few others have been able to become current with their payments.

Many of these cities are like over-extended families, juggling their bills and trying to choose which creditor to pay next. Assistance with the high costs of fuel would help these communities to cross at least one creditor off their list, freeing up some funds to satisfy their other mandatory obligations to creditors such as the IRS and provide the necessary services to the citizens we all serve.

I support the Governor's proposal to provide at least \$6,450,000 in small city energy assistance, and ask you to support this as well. This small amount of money can make a big difference in many Alaskans' lives.

Thank you for your consideration.

Sincerely,

Kevin Smith  
Executive Director

Enclosure: Anchorage Daily News, Dec. 6, 2004

**City of Ambler**

P.O. Box 09

Ambler, Alaska 99786

Phone (907) 445-2122/Fax (907) 445-2174

E-mail [cityofamblerak@yahoo.com](mailto:cityofamblerak@yahoo.com) <<mailto:cityofamblerak@yahoo.com>>

*let tax  
\* in N/V Archic Bldg  
w/ School Net tax*

*3% sales tax*

February 15, 2005

*AMBLER POPULATION 291*

Senator Gary Wilken  
State Capitol Rm. 518  
Juneau, Alaska 99801

*1% sales tax  
PER CAPITA*

*\*AMBLER JUNEAU*

*\$26 \$196*

RE: Senate Bill 98 " Supplemental appropriations, Fast Track Bill"

*Revenue each 1%*

*\$7500/yr*

*\$6,105,000/yr*

To: Senate Finance Committee,

*Assessed value*

*\$3.5 million*

*\$3 Billion*

*Per capita AV*

*\$12,159*

*\$97,199*

The City of Ambler is very much interested in receiving money from the Governor's Supplemental and Capital Appropriations Bill. We are struggling to keep things running. We had to reduce insurance coverage to a minimum. We dropped our VPO position because we couldn't afford the insurance coverage so we are completely dependent on the state troopers and our one VPSO, which puts a lot of pressure on one person to be available 24/7. Our insurance is one of our highest expenses at over \$22,000 per year. Last year it was over \$30,000. We are struggling to keep up with the insurance payments. We need to raise our 3% sales costs but we won't see any increase in revenues from that for a while and the public needs to vote on that also. There is a high unemployment rate in our village so rising costs are a hardship on everyone.

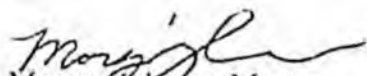
We need a dependable fuel supply. Our local fuel project runs out every 3-4 weeks and we have had to borrow fuel from AVEC from our other buildings and heavy equipment, and haul fuel from other villages to keep our water plant heated. We have 2200 gallon tanks to help us through the scarce times but we need to have a little more storage capacity and also some help in off setting the high cost of fuel. The Borough is trying to work on this problem but right now we could really use some help in meeting the high costs of fuel in our area. Gas is \$5.15 per gallon and stove oil is \$4.95 per gallon.

The costs of keeping our water and sewer plant running and also keeping up with maintenance of our heavy equipment is a challenge. Our heavy equipment rentals brings in necessary revenues during construction projects but the cost in keeping it running keeps going up and maintenance is high, as well as fuel. The cost of mapping in parts for our water/sewer project and heavy equipment, and fuel, etc. is one of the highest in the state, which makes the cost of everything go up more so here than in many other parts of the state. I was told yesterday one resident paid as much as \$1.75 per pound for freight on groceries in order to have something fresh.

Additional revenue at this time would be a God send to our village and would be a huge help to get us thru this difficult time while we figure out other possible options for dealing with our rising expenses.

Thank you for considering our village for receiving these additional funds. We would greatly appreciate this additional revenue for helping to operate our city at this time.

Most sincerely,



Morgan Johnson-Mayor



Barbara MacManus-Sec/Treas.

cc: file

**CITY OF ALEKNAGIK**

P.O. BOX 33, MAIN STREET  
ALEKNAGIK, ALASKA 99555-0033  
PHONE: 907-842-5953 OR 842-2528  
FAX: 907-842-2107  
EMAIL: [cityalek@nuchtel.com](mailto:cityalek@nuchtel.com)

*5% sales tax + 5% bet tax*

*ALEKNAGIK POPULATION 235*

*1% sales tax per capita*

*ALEKNAGIK Knaik Pan Bor  
530 \$145*

*1% revenue on tax*

*\$18,000/yr \$7,450,000/yr*

January 27, 2005

Governor Frank Murkowski  
Office of the Governor  
Mail Stop 0001  
Juneau, AK 99801

RE: Reinstatement of the Revenue Sharing Program

To the Honorable Governor Murkowski:

The community of Aleknagik, Alaska would like to see the reinstatement of the state's revenue sharing program for municipalities. Many communities in Alaska are hurting financially due to the state's budget cuts for the revenue sharing program and the capital matching grants. A reinstatement of the revenue sharing program would help to provide a minimum of service and public safety to the neediest communities.

The legislators need to look at "level of service" not "dollar amount" in determining equity between the urban and rural communities. The cost of goods and services is higher in rural communities, so their need for funding is greater just to provide basic services. Please look at level of service, not cost, to determine what is equitable.

In response to the budget cuts, the City of Aleknagik has made cuts to its budget, and is working on increasing revenue. The City has a sales tax that does help to fund local government services. In addition, the City has cut back on employee's hours, meeting fees, senior transportation services, non-essentials, defer maintenance, and defer equipment upgrades.

The result of the City's budget cuts is a lower level of services and public safety. That in turn means that the personnel do not have enough time to provide an adequate level of service, and the buildings and equipment are in various stages of disrepair, so the airport is not always open, or the roads are not always maintained. This could be a disaster in the event of an emergency where someone needs to be Medivaced or we need to get a fire truck to someone's house. So if you live in a community where EMS and Fire services are available 24-7-365, remember that these basic services are not always available in the villages.

JOINT RESOLUTION  
RESOLUTION 05-01

A JOINT RESOLUTION OF THE COUNCILS OF THE CITY OF ALEK NAGIK, ALEKNAGIK TRADITIONAL COUNCIL, AND BOARD OF DIRECTORS OF ALEKNAGIK NATIVES LIMITED SUPPORTING REINSTATEMENT OF THE STATE'S REVENUE SHARING PROGRAM FOR MUNICIPALITIES.

WHEREAS, Aleknagik Natives Limited, Aleknagik Traditional Council and the City of Aleknagik executed a Memorandum of Understanding on October 29, 2000 to recognize areas of mutual concern and support, and to establish a framework for cooperative relations and communication for the benefit of the community of Aleknagik as a whole as the desire of the three entities is to cooperate concerning legal and political matters inherent in their relationships to one another; and,

WHEREAS, the City of Aleknagik, Aleknagik Traditional Council and Aleknagik Natives Limited are representative of the community and are hereafter known as "The Councils"; and,

WHEREAS, due to fiscal problems for cities since the revenue sharing program was cut from the state budget, The Councils see a need to reinstate the state's revenue sharing program for municipalities; and,

WHEREAS, the recent state oil revenue "windfall," should be shared with communities to offset negative fiscal impacts. The increased oil revenue benefits the state, while local governments, businesses, and families are effected with higher prices for heating fuel and transportation.

NOW THEREFORE BE IT RESOLVED that The Councils support the reinstatement of the state's revenue sharing program for municipalities using the state's budget windfall as a source of funding to get it started.

BE IT FURTHER RESOLVED that the Governor and Legislature are urged to restore the revenue sharing program funding as a part of the long-range fiscal plan for the state.

PASSED AND APPROVED on the 20th day of January, 2005 by a duly constituted quorum of the Council of the City of Aleknagik, the Aleknagik Traditional Council and Board of Directors of Aleknagik Natives Limited at a public meeting hosted by Aleknagik Natives Limited.

SIGNED: Bobby Andrew  
Bobby Andrew, Aleknagik Natives Limited President

ATTEST: Nina Tinker  
Nina Tinker, Secretary, Aleknagik Natives Limited

SIGNED: Gusty Chythook  
Gusty Chythook, Aleknagik Traditional Council Chair

ATTEST: Kay Gorman  
Kay Gorman, Secretary, Aleknagik Traditional Council

SIGNED: Berna Andrews  
Berna Andrews, City of Aleknagik Mayor

ATTEST: Patty Heyano  
Patty Heyano, City of Aleknagik Acting City Clerk



# City of Brevig Mission

North Tutu Street  
Brevig Mission, Alaska

99785-5021

Phone/Fax (907) 642-3851



February 18, 2005

Attn: Senator Donald Olson  
State Capital  
Suite 510  
Juneau, Alaska 99801-1182

Dear Senator Olson:

Greetings! I am writing to express my support for Governor Frank Murkowski's Supplemental and Capital Appropriations Bill. As Mayor for the City of Brevig Mission I support the section of the bill that addresses "Small City Energy Assistance" and the Governor's effort to provide assistance and avoid the growing crisis in rural communities such as Brevig Mission.

However, I also want to express continued support for a long-term solution such as "Community Revenue Sharing." We need such assistance to operate and maintain insurance, water & sewer services, and emergency services such as fire protection & search and rescue. The City of Brevig Mission is that "Point of Light" in this community that connects it to the support and services that the State of Alaska is seeking to provide to its citizens. Therefore, it is my hope that you will beseech the Senate Finance Committee on behalf of the Community of Brevig Mission saying, "Don't let the light go out!"

Thank you for your efforts to represent our community on this important issue.

Sincerely:

Brian Crockett  
Mayor, City of Brevig Mission

Cc Governor Frank Murkowski  
Cc State Representative Richard Foster  
Cc Alaska Municipal League

CITY OF CLARKS POINT  
P.O. BOX 110  
CLARKS POINT, ALASKA 99569  
PHO. (907) 236-1221  
FAX (907) 236 1412

FEBRUARY 15, 2005

TO THE SENATE FINANCE COMMITTEE;

HELLO, WE ARE WRITING THIS LETTER TO EXPRESS OUR CONCERNS  
TOWARDS THE "SMALL CITY ENERGY ASSISTANCE" BILL.  
WITH THE LOSS OF THE REVENUE SHARING AND OTHER CUTS, US SMALL  
COMMUNITIES ARE BARELY MAKING IT. THE HIGH COST OF FUEL TO HEAT  
AND PROVIDE ELECTRICITY TO RESIDENTS IS GETTING CRUCIAL.  
SO WE ARE 100% IN FAVOR OF YOUR PASSING THE "SMALL CITY ENERGY  
ASSISTANCE" APPROPRIATION.  
THIS WILL HELP US MAKE IT THROUGH ANOTHER YEAR.

THANK YOU,

THE CLARKS POINT CITY COUNCIL

**CITY OF DEERING***Small City Energy Assistance appropriation*

The money appropriated from the Small City Energy Assistance would help the City of Deering's costs with high cost of fuel and the increase of our Insurance for 2005 year. Our community has been impacted by the State Revenue Sharing Budget cut, the City has had to cut down on 2 jobs at the City Office, 3 jobs at the Washeteria due to no funding to pay for such, also the fuel costs has gone up this year, which is effecting the whole community.

**State Revenue Sharing:**

<b>City of Deering W. State Revenue</b>	<b>Current w/o State Rev</b>
Budget: \$325659.00	Budget: \$264497.00
Profit/Loss: \$12384.00	Profit/Loss: - \$48778.00

*Our community facilities has had to have a budget cut in all areas, which includes the City Office which is in need of an Administrator and the facilities in need of repair, the Cable which is in need of upgrades/repair , the Washeteria which is in need of two certified operators for the safety and health of our community water, a attendant to run the Washeteria on a daily basis and the upgrades that need to be done on our sewer system in order to have safe water to deliver to our community.*

*Submitted by:*

  
Beverly Moto, City Clerk



# City of Delta Junction

P.O. Box 229, Delta Junction, Alaska 99737  
Ph 907-895-4656 Fax 907-895-4375  
www.ci.delta-junction.ak.us  
city@ci.delta-junction.ak.us

Welcome to the  
Friendly Frontier

February 15, 2005

Attention: Alaska Municipal League / Alaska Senate Finance Committee

REF: Hearing on Governor's Supplemental and Capital Appropriations Bill

SUB: "Small City Energy Assistance"

Currently Diesel Fuel at the pump costs \$2.17 while in Fairbanks that price is \$2.01 per gallon and regular gasoline is \$2.19 in Delta Junction with Fairbanks prices at \$1.96 to \$2.03 per gallon. It was reported last week that gasoline in Anchorage could be brought at \$1.76 per gallon.

The small population centers in the State of Alaska could use the Governor appropriation to help defray the increase costs in shipping, insurance, and energy these past several years.

The City of Delta Junction has experienced large increases in operational costs

HEATING OIL IS UP 51%.  
DIESEL FUEL IS UP 38%.  
GASOLINE COST IS UP 24%  
ELECTRICITY IS UP 8%.

The above costs are increases for the local area. They are not compared with other metropolitan sites in the State of Alaska.

Other costs increases have been in insurance – health, general liability, worker compensation.

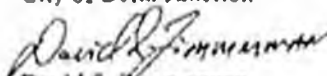
Health insurance costs for a single person increase 15.53% in FY 2004 and up again 10.25% in FY 2005. Family insurance coverage increases 15.52% in FY 2004 and was up 14.20% in FY 2005.

General Liability insurance costs were up 52% for FY 2004 but favorable down 19% for FY 2005. This is the only costs showing a decrease.

Worker Compensation insurance overall average a 27% increase for FY 2005.

Therefore, the City of Delta Junction with a population base under 1,000 people, the Governor "Small City Energy Assistance" appropriation would be greatly appreciated.

Sincerely,  
City of Delta Junction

  
David S. Zimmerman  
Finance Officer

CITY OF EEK  
P.O. BOX 09  
EEK, ALASKA 99578  
PHONE # 907-536-5129

DATE: FEBRUARY 14, 2005

TO: THE SENATE FINANCE COMMITTEE

FR: MAYOR TERESA JACKSON, CITY OF EEK

RE: SUPPLEMENTAL APPROPRIATION FOR SMALL COMMUNITIES

TO WHOM IT MAY CONCERN, WE, THE CITY OF EEK, ARE REQUESTING THAT THIS BILL BE PASSED, SINCE IT IS NEEDED BY ALL COMMUNITIES IN RURAL ALASKA. IF THIS DOES NOT PASS, SMALL COMMUNITIES, LIKE EEK, WILL HAVE MAJOR PROBLEMS, WITH REGARDS TO STABILITY, FOR SERVICES PROVIDED TO COMMUNITY. WITHOUT AID FROM THE STATE, MANY OF OUR SERVICES WILL BE CUT IN THE NEXT FISCAL YEAR, WHICH WILL BE IN ABOUT 4 MONTHS. IN THE LAST COUNCIL MTG, CUTS WERE DISCUSSED, IN THE AREA OF POLICING, CUSTODIAL AND ROAD MAINTS. MOST OF THE EMPLOYEES, ALREADY, WORK LESS HOURS, THAN NORMAL. PRESENTLY WE HAVE ONE VILLAGE POLICE OFFICER THAT WORKS 6 HOURS PER DAY, WHICH WILL BE CUT TO 3 HOURS PER DAY, IN THE NEXT FISCAL YEAR. IN THE PAST THE CITY HAD 2 POLICE OFFICERS THAT WORKED 6 HRS A DAY BUT DUE TO CUTS TO STATE REVENUE SHARING, WE NOW HAVE ONE, WHICH LEAD TO A HIGH TURNOVER RATE FOR POLICE PERSONNEL. SINCE JULY OF LAST YEAR, THE CITY HAD REPLACE VPO'S THREE TIMES IN THAT SPAN. NONE OF THEM WERE NEVER FIRED, ALL QUIT, STATING, THAT IT IS TOO HARD TO WORK ALONE. WE, THE EEK CITY COUNCIL, FEEL ANY CUTS TO OUR PRESENT WORK FORCE WILL CRIPPLE OR HINDER SERVICES THE CITY PROVIDES TO THE COMMUNITY. PLUS, THE HIGH COST OF FUEL AND FREIGHT COST SHOULD BE CONSIDERED BY YOU, THE COMMITTEE, IN MAKING YOUR DECISION. ANOTHER ASPECT TO CONSIDER IS THE SITUATION IN CHEVAK, AK, THERE WILL BE A NUMBER OF COMMUNITIES THAT WILL HAVE THE SAME PROBLEMS, IF THIS BILL IS NOT PASSED BY YOUR COMMITTEE. A STATE OF EMERGENCY IS ON THE HORIZON FOR RURAL ALASKA, IF THIS BILL IS NOT CONSIDERED OR PASSED BY YOU THE COMMITTEE.

SIGNED: Gloria Keyes For  
TERESA JACKSON, MAYOR

*Signed by Gloria Keyes  
Vice Mayor*

# CITY OF FORT YUKON

INCORPORATED 1959

Post Office Box 269

Fort Yukon, Alaska 99740

Telephone (907) 662-2479 or 2379

Senate Finance Committee  
State of Alaska  
Juneau, AK

February 18, 2005

Dear Senator,

Much of our budget has to go towards the extreme high cost of heating fuel, which is necessary to keep our water system working. Yes, our lifestyle has improved since we have had piped water, yet this system is expensive to operate to prevent the pipes from freezing for the water lines must be continuously circulating. Because we are a remote village the fuel cost is high. We need the State to assist us so we can continue with a healthy lifestyle. This is clearly a priority for us.

Also, the increase cost of our insurance has not been easy for us to meet as well. We need the State to supplement our increased expenses which are mandatory to operate.

We, the City of Fort Yukon, are proud to be a part of this great strong state. Please help our community as the loss of the State Revenue Sharing has hurt us to meet needs. Again, we ask for your support on the Governor's Supplemental and Capital Appropriations Bill which includes the Small City Energy Assistance.

Sincerely,



Fannie Carroll

City Manager

Cc: file, AML



**City of Gustavus**  
P.O. Box 1  
Gustavus, AK 99826  
Phone: (907) 697-2451

February 16, 2005

Senate Finance Committee  
Juneau, Alaska


Distinguished Members,

As the mayor of the first community to incorporate in Alaska in at least 19 years, and the community with possibly the highest electrical rates in the United States, I can assure you that any monies directed our way will be used to offset the cost of utilities in the community.

The hydroelectric project in Gustavus has been a work in progress for more than a decade. The reason it has moved forward is due to its ability to pay for itself, but unfortunately, at no reduction in rates to the end user. Only by seeking out grants and putting money like this into the project will the community of Gustavus be able to enjoy electrical rates more in line with Alaskan communities of like size and circumstance.

As we all know, one of Alaska's means of bringing in additional revenue is tourism. Tourism in Alaska has made a steady decline for the past eight or nine years, regardless of the spin placed on tourism numbers by the cruise industry. Gustavus is one of those areas substantially impacted by the decline. That decline and the loss of revenue sharing have been instrumental in bringing the community to its knees. High fuel costs, high electrical rates and the ever-present dilemma of the community dock keep us in such a state of repression, we fear for the health of this small community. Our incorporation goal is to bring Gustavus back into a positive condition where people will be able to live, work and raise their families without the burden of such a high cost of living rate. We intend to keep our community's needs small, but will be unable to do so without the infusion of these types of assistance.

Respectfully,

  
Sandi Marchbanks, Mayor  
City of Gustavus



**CITY OF HOUSTON**  
office of  
**MAYOR**  
**DALE ADAMS**

Subject: Levy Property Tax Exemption.

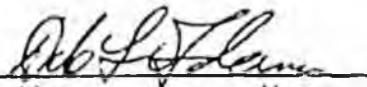
January 11, 2005

Dear Senator Wilken,

The City of Houston supports a property tax exemption for Seniors and Disabled Veterans. We also feel that the State should reimburse the city. Where this is a mandated exemption by the state, yet the state does not reimburse the local governments.

Some Seniors incomes are high and got the ability to pay property tax. But property taxes and assessments are rising and is leaving seniors with fixed income the inability to continue to afford there homes. The City of Houston is leasing about \$42,000.00 a year which is a lot of money for a small city like Houston.

Thank You,

  
Dale Adams Mayor

CITY OF HOUSTON • P.O. Box 940077 • HOUSTON, AK • 99694



## City of Marshall

P.O. BOX 09 • MARSHALL, ALASKA 99585 • (907) 679-6215/6415

February 14, 2005

Co-Chairs: The Honorable Senators Green and Wilken  
Vice Chair: The Honorable Senator Bunde

Finance Committee Members:  
The Honorable Senators Dyson, Stedman, Hoffman and Olson

Re: Senate Bill 98 "Supplemental Appropriations, Fast Track Bill"  
"Small City Energy Assistance"

The City Of Marshall's population currently stands at 384 and a distribution of \$50,000 to the City will assist us in purchasing fuel and paying for our insurance costs for the immediate future. The high cost of fuel this year has put the City in a financial crunch. Since the State Revenue Sharing Program was eliminated we have experienced a decrease in services provided to the residents of Marshall.

Thank you for your consideration.

Respectfully,



Raymond D. Alstrom  
Mayor

CC: The Honorable Senator Kookesh  
The Honorable Representative Salmon  
Ms. Kathie Wasserman, AML.



**CITY OF MCGRATH**  
PO Box 30  
McGrath, Alaska 99627  
(907) 524-3825 ~ FAX (907) 524-3536  
[cityadmin@mcgrathalaska.net](mailto:cityadmin@mcgrathalaska.net)

February 15, 2005

**Governor's Supplemental and Capital Appropriations Bill  
Small City Energy Assistance**

Dear Members of the Senate Finance Committee:

The City of McGrath is in the same situation as every other small rural community in Alaska. We've had extraordinary fiscal burden thrust upon us from every direction, starting two years ago with a sudden and complete elimination of Revenue Sharing and Safe Communities funding along with the cessation of Capital Matching Grants. At the same time, vendor price increases on diesel and unleaded fuel that is required to keep our basic essential services functioning within our communities, such as electricity, water, sewer, and road maintenance.

Internally, our operating budget was slammed with dramatic increases in Worker's Compensation Insurance, Insurance premiums on our liability, vehicles, buildings and utilities infrastructure also soared. As with many other villages, McGrath is also dependent on shipping everything via air or a few commodities such as fuel by barge. These costs have also risen sharply, adding considerably to every aspect of the living expenses of our residents and to the cost of providing the services of our infrastructure.

Passing this Supplemental Appropriations Bill will assure the City of McGrath the ability to prudently sustain basic and essential services that our residents depend on and provide us the fiscal capacity to meet our existing obligations.

We look forward to hearing news that the Bill has been passed and that our fiscal crisis will be eased during this last half of FY05.

Sincerely,

A handwritten signature in cursive script that reads "Natalie Baumgartner".

Natalie Baumgartner  
City Administrator

cc: Alaska Municipal League

**City of New Stuyahok**

P.O. Box 10  
New Stuyahok, AK 99636  
Phone: (907) 693-3171  
FAX: (907) 693-3176

February 14, 2005

Senate Finance Committee

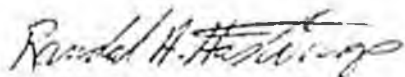
Dear Sir or Madam:

Revenue sharing is vital to the community of New Stuyahok and our children. It has helped paid our IRS bills, high insurance for our workers, paid for high cost of our oil and gas, helped maintained our heavy equipment needed for plowing and maintaining the roads esp. with our new airport being built. Our Head Start bus, school truck, fire truck, ambulance, and VPSO truck would have a hard time on the road or wouldn't be able to go on it if we don't have the capacity to keep it graded or maintained.

Without it we wouldn't be able to maintain this place that has about 600 people and growing rapidly. It is hard enough now to maintain the city and without revenue sharing we would be back in the stone ages. As of this moment right now it is very difficult to pay for our electricity, heating oil, phone, and gas. We need this to keep our 2<sup>nd</sup> class city moving forward and not going backwards.

Thank you very much for your time and please think of our children and community.

Sincerely,



Randal A. Hastings  
Mayor



Mitch Chocknok  
City Administrator

CITY OF NUIQSUT  
Post Office Box 89148  
Nuiqsut, AK 99789  
Phone 907 480-6727 Fax 907 480-6928

---

February 11, 2005

The Honorable John Cowdery  
Chair  
Alaska State Senate Rules Committee  
Alaska State Capitol  
Juneau, Alaska 99811

FAX: 907 465 2069

Dear Senator Cowdery:

The duly elected members of the City of Nuiqsut City Council have instructed me to communicate with you and firmly assert their unqualified support for Senate Bill 98, the Supplemental Appropriations, Fast Track Bill.

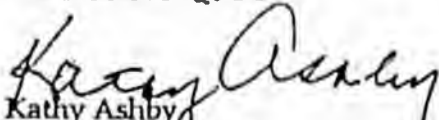
Alaska is indeed blessed with resource largesse of which many locales can only dream. Alaska's resources provide healthy economic activity and enviable lifestyles in metropolitan areas of the state. Those resources, as you well know, are located, explored, developed, and extracted in areas of the state where amenities are exceedingly few and far between, where the price of one container of milk compares with the expense of a bag of groceries in other areas.

The general fund is largely based upon resource revenues. Therefore, it is imperative that inherent inequities be ameliorated where possible. Senate Bill 98 purports to address, with general fund monies, the exorbitant cost of utilities in non-metropolitan areas of the State through energy assistance.

Please afford this bill your unqualified support as it traverses through the committee referrals and ensure its passage into law. Thank you for your assistance.

Sincerely,

CITY OF NUIQSUT

  
Kathy Ashby  
City Administrator



CITY OF OUZINKIE

P.O. Box 109  
3<sup>rd</sup> & C Street  
Ouzinkie, AK 99644

Phone (907) 680-2209  
Fax (907) 680-2223  
cityofouzinkie@starband.net

COUNCIL MEMBERS

Zack Chichenoff - Mayor  
Alex Ambrosia - Vice Mayor  
Angeline Campfield - Sec./Treas.  
Sharon Boskofsky - Member  
Danny M. Clarton Sr. - Member  
Katherine Panamarioff - Member  
Darren Mullor - Member

February 15, 2005

Senate Finance Committee  
State Capitol  
Juneau, AK 99801

Dear Finance Committee Representatives;

I am writing to encourage you to take into consideration how important the Governor's Supplemental and Capital Appropriations Bill is to every community in this state.

As you know healthy communities can provide services in a more effective and efficient way that can the state. This only serves to save the state money in the future. By passing the above bill the communities can then use those funds to stabilize taxes and provide services.

We are being faced with skyrocketing fuel bills and insurance without the aid of revenue sharing. Communities with high transportation problems, a lack of insurance, exorbitant energy costs, crumbling infrastructure, and unaffordable shipping rates cannot provide a healthy environment with which to raise a family.

Sincerely,

Zack Chichenoff  
Mayor



Office of the Mayor

P.O. Box 430  
Pilot Point, Alaska 99649  
Tel. (907) 797-2200  
Fax (907) 797-2211


Senate Finance Committee  
Juneau, Alaska

February 12, 2005

To Whom It May Concern:

We applaud the Governor's proposal to distribute financial energy relief to rural Alaska. The combined impacts of rising fuel prices, declining municipal revenues, Federal grant opportunities, commercial fisheries disasters, and the overall lack of economic opportunity in rural Alaska have hit all of us very hard. In Pilot Point we have had to fly fuel in at \$4.66 per gallon for heating oil. The City cannot in good conscience charge our consumers a price that allows us to break even, consequently, we are absorbing a loss of over \$2.00 per gallon. Any financial relief at this time would be greatly appreciated.

Sincerely,



Gregory Kingsley  
Pilot Point City Council

Kevin Ritchie

From: Kevin Smith [kevins@amljia.org]  
 Sent: Monday, December 22, 2003 8:16 AM  
 To: Terri McFarland; Tammy White; Rick Gifford; Kevin Ritchie; Karl Short; Joe Evans; Jerome Selby; Betty Glick; Clement Richards  
 Cc: Venus Zink; Kevin Ritchie; Betty Jo Svensson; Annie McIlvain; Sarah Gilbertson  
 Subject: Budget crunch burdens villages

<http://www.adn.com/front/story/4541566p-4516702c.html>

Here's an interesting article from yesterday's paper. Times are tough. Happy Holidays. Kevin



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**TOP ALASKA STORIES**

### Budget crunch burdens villages

**CUTS: Slashed state aid leaves small towns facing financial straits.**

By JOEL GAY  
Anchorage Daily News  
(Published: December 21, 2003)

Anchorage isn't the only community struggling to fill the hole in its budget after Gov. Frank Murkowski and the Alaska Legislature axed state aid to cities and boroughs earlier this year.

They're dousing the streetlights in Huslia and laying off cops in Hooper Bay. Taxes may triple in White Mountain, while Coffman Cove can't pay its insurance bill. And more than one village could merge its municipal operations with the local Native tribe.

These are tough times for the state's smallest communities, said Larsen King, mayor of Me Koryuk, a community of 200 on Nunivak Island. In villages where jobs are scarce and expenses are high, the state grants of \$25,000 to \$50,000 kept the city office open and the bills paid, he said.

The already rocky financial footing of rural Alaska villages has dramatically worsened, said King and other community leaders.



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**EDITORIAL**

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### Community News

Check out the Web sites for non-profit groups.

"How does anyone expect the little places to survive?" he asked.

The state has been providing grants to cities and boroughs since statehood, according to Bill Rolfzen of the state Division of Community Advocacy. The grant programs evolved and expanded as Alaska developed, and by 1985 the two main programs, Municipal Revenue Sharing and Safe Communities, paid out more than \$160 million.

Although Safe Communities grants were restricted to police, fire, emergency services or sanitation, Revenue Sharing could be spent on almost anything. That was the beauty of the program, Rolfzen said. The money might buy a winter's worth of diesel in one village and a year's worth of workers' compensation in another, he said.

Nearly 20 years of budget cuts eroded the two programs to \$25 million last year. But even that was more than Murkowski wanted, and he vetoed funding for both and for a third program that funded capital projects.

"It is clear to me," Murkowski wrote to the communities, "that Alaska's fiscal situation requires us all to make the tough choices. ... We must take responsibility for prioritizing what our governments can do based on what we can afford."

Murkowski gave the municipalities a one-year reprieve, splitting \$15 million in federal funds among them. But for the fiscal year that begins next July, they're on their own. Throughout Alaska this winter, city administrators and councils are coming to grips with the looming shortfall.

Some officials are optimistic.

"We'll just have to start tightening our belts and watch where our money goes," said Linda Getz, city clerk in Ouzinkie, a coastal village of 200 near Kodiak.

It will mean making do with old equipment, scrimping on paper clips and saving this year's grant, she said. The city hasn't even talked about raising taxes. But Ouzinkie will survive, she said. "I think we can do it."

Other administrators fear the effect on their cities but are resigned to it.

"When you don't have the money, you don't have the money," said Pete Platten, city manager in Tanana.

The cuts to rural communities were shortsighted, Platten said, because rural Alaska spends its money in the cities.

"Once they kill the Bush, they have no customers out here," he said. If villages shut down, "all that money is not going to Fairbanks anymore."

Rural communities are less able to cope than their urban cousins, said Raphael Murrin, city manager in Hooper Bay. The village of 1,100 on the Bering Sea coast has cut several city positions, including one police officer, and city employees have taken pay cuts.

But raising revenues will be difficult in Hooper Bay, Murrin said. The city has a 4 percent sales tax, but increasing it won't yield much more. "We don't have that much economy."

And the city can't charge property tax because there is no private property, Murran explained. As in most rural villages, the land is owned by the village Native corporation or the federal government, which provides a small payment in lieu of taxes, or PILT.

During better times, the Yukon River village of Ruby built up a city savings account, said Mayor Donald Honea Sr., "but we've almost completely wiped the thing out now."

Ruby has reduced employee hours and city services, and now there's little left to cut, Honea said. It can no longer afford a public safety officer and may have to turn off the streetlights. Volunteers staff city hall, and the teen center remains closed unless an adult offers to open it for a night or two.

"We can't hire people to do a lot of the work we had before, like plowing snow," he said. "This year if we get a heavy snow, we have the guy do it when he can." Because the roads aren't getting plowed, Honea is nervous about house fires. "You'd have a hard time getting to the houses," he said.

The city has no sales tax, and just 200 residents to pay it if the council decides a tax would help.

"Like all the small villages, there's no employment and there's no revenue coming in, so it's pretty hard," Honea said. Commercial salmon fishing has been poor for years, and firefighting wages have declined. "The only thing is the (Permanent Fund) dividend, and a lot of people use it to catch up with their light bills."

But Ruby isn't throwing in the towel, Honea said.

"We'll continue to exist. We've existed before when times were tough. We're just going to have to cut what we had before," he said, perhaps returning to the kind of village it was before streetlights and running water.

They're also at a crossroads in small villages like Ouzinkie, White Mountain, Koyuk and Kiana, municipal officials there said. Losing the state grants will force crucial decisions that affect their communities' survival, they said.

"Insurance -- that's the scary thing. It's pretty well mandated," said city administrator Judy Willis of Coffman Cove, a former logging camp in Southeast. "Do you run the risk of not having insurance?"

Small communities are in a tough spot, acknowledged Mike Black, community development chief for the Department of Community and Economic Development. State and federal agencies that have poured millions of dollars into water plants or health clinics want those facilities insured, he said.

"But when you're the mayor or council, you're going to have to make decisions based on what you think your residents will support," Black said. "Insurance is one of those costs that doesn't immediately provide the local residents a demonstrated product. It's not like buying another policeman."

Many small communities operate their own water, sewer or electric utilities, and customers pay for the plant operations. But state municipal grants often paid for the clerks who did the billing.

"That's what pays my salary," said Dorothy Barr, city administrator in White Mountain, a village near Nome. She also writes grants, which have provided

services to White Mountain residents, such as a part-time librarian.

Her village voted down an increase to the 1 percent sales tax, and utility rates are as high as they can go, Barr said. She and other city employees have cut their hours.

"Right now we're looking at taxing pull-tabs and bingo winnings," she said. "We have to try to find different revenues."

State officials empathize with the ailing villages, but have little to offer except advice, said Rolfzen, with the state. Cities that can't afford to operate have few choices, he said. They can formally dissolve their municipal government, as several villages did as a statement of Native sovereignty in the 1980s or simply close the doors and stop functioning.

With the loss of municipal grants, Rolfzen said, "We might see a little of both, or a lot of both."

But some communities, including Mekoryuk, are considering a third option -- retaining the city government, but turning over the administration to the local tribe.

It may offer the best of both worlds, said Hultman Kiokun, administrator of the Native Village of Mekoryuk. The city can levy a sales tax -- it's 2 percent now -- and apply for grants available only to incorporated cities, while the tribe can tap federal resources.

"Having two governments in one small village, there's a lot of funds being wasted. We can eliminate those, and use that money for where it's needed most in the village," Kiokun said. "We need to make the best use of what little is coming to our village."

Mekoryuk's city and tribe are still negotiating, Kiokun said. The tribe doesn't want city liabilities to drag it down, he said, and may consider dropping money-losing services like cable television.

Nevertheless, the potential merger makes him more optimistic about Mekoryuk's future.

"It's got to change," Kiokun said. "The leaders have to understand that unless we make this change we're going to be stuck with the past, and possibly lose the services we have now."

Mekoryuk Mayor King agrees that a merger is likely, but isn't happy about it. He blames the village's poor financial condition on the "goody do-gooders" who brought water and sewer and other services to rural Alaska.

"These people bring these good things, but don't throw in operating and maintenance costs," King said. "There's no way the municipalities can survive if they cut revenue sharing off. If we raise funds like other little villages, with (bingo and pull-tab) gaming, we'll just exploit ourselves and make our community poorer and poorer."

Kiana and Koyukuk are also considering city/tribe mergers, and more villages could follow now that municipal funding is gone, said Anthony Caole, a former Quinhagak city and tribal administrator who is now an Anchorage consultant.

The merger "is not an ideal arrangement," Cao'e said. It will create an unwieldy council of 10 to 14 members working in a gray area that is both city and tribe.

"The ideal would be one form of government," he said. "It's just that nobody knows what that looks like."

And a merger is not for every community, he said. Some tribes may be reluctant to merge with their local municipality. Cities bring little to the bargaining table except sales tax powers, and many tribes are already overwhelmed with work, he said.

In addition, the future of tribal funding is uncertain. Sen. Ted Stevens has said it is increasingly difficult to secure funding for Alaska's 229 federally recognized tribes and has proposed they consider some form of consolidation.

In the meantime, the mergers may be the best option for foundering municipal governments, Cao'e said, though he doesn't see why it's necessary.

"I just can't imagine the state not providing resources to keep their sister governments alive," he said.

State officials are sympathetic to the plight of Mekoryuk, Ouzinkie and other small municipalities. But like the state, they'll have to find their own ways of balancing local needs and revenues, said Edgar Blatchford, commissioner of community and economic development. If that means dissolving their government because they can't afford it, "that's their decision," he said.

The Murkowski administration believes rural communities' fate lies with basic economics, Blatchford said. "If there's an economic base that local people can seize, there's hope for the future."

But where the only income is state and federal grants, the future looks bleak, Blatchford said.

"Sad to say," he said, "these are very challenging times for Alaska."

*Daily News reporter Joel Gay can be reached at [jgay@adn.com](mailto:jgay@adn.com) or at 257-4310.*

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## Tenakee eyes solutions to its fiscal crisis

### Loss of revenue sharing means trouble for dozen small towns

It's not news to residents that Tenakee Springs has had some financial problems. But Shelly Wilson, mayor of the town of 150 people, said she was frightened when she realized how serious the problems are.

When Gov. Frank Murkowski stopped sharing revenues with local governments in 2004, Tenakee Springs lost \$40,000 a year. It is facing a \$25,000 deficit. The city is applying for a \$50,000 loan.

The Tenakee Springs City Council has proposed selling some city land to increase revenues and expects to put the issue on the ballot within the next two months. Council members also contemplated increasing the sales tax from 1 percent to 2 percent.

For the first time, the city might impose a property tax.

"These are some short-term solutions," Wilson said. "We look forward to receiving some funding from the state."

The Chichagof Island town is not alone.

According to the Alaska Municipal League, 14 small towns have contacted the state about formal dissolution or entered into an agreement with a tribe to resume city responsibilities - or simply have not held local elections. Twenty towns have had their insurance canceled for lack of payment.

An Alaska Municipal League report said the crises result from massive state cuts to cities at a time of skyrocketing local costs and economic downturn. In 2004, Alaska became one of a handful of states that eliminated its local government revenues-sharing programs.

"All the communities face the same problems," said Kevin Ritchie, executive director of Alaska Municipal League. "But the smallest communities, which have the smallest tax bases, have the biggest problems."

Becky Hultberg, spokeswoman for the governor, said Murkowski stopped the local government revenue-sharing program because he doesn't believe it is the state's responsibility to give block grants to local governments.

But Hultberg said when local governments experience the difficulties such as the rise of the fuel and the increase of the public employment retirement system, the state has a role in giving the community some temporary help.

In this session, Murkowski proposed giving \$6.5 million to towns with populations of fewer than 1,200 to help them deal with the rise in fuel prices. Towns with populations between 100 and 600, such as Tenakee Springs, can receive \$50,000. The governor also proposed to offer \$37.5 million for cities and \$77 million for school districts in the next two years to help them pay for the public employment retirement system.

"This is not ongoing funding. This is only temporary help," Hultberg stressed.

And that is exactly the problem, Ritchie said.

"Cities are part of the government," Ritchie said. "The Legislature is responsible for all the state to have some public services. Revenue-sharing is the most efficient way."

Wilson said she hopes the Alaska Legislature would approve the small city fuel assistance program as soon as possible.

"I will just pray we can hold that long," Wilson said. "I know it is just a one-time deal, though."

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## Ten communities drop city insurance

Municipal League anticipates another dozen to follow

December 2, 2004

By **TIMOTHY INKLEBARGER**  
**JUNEAU EMPIRE**

Ten small communities across the state have recently discontinued their municipal insurance due to a decline in assistance from the state and rising insurance and fuel costs.

Another dozen could follow within the next few months, according to Kevin Smith, executive director of the Alaska Municipal League Joint Insurance Association.

Smith would not release the names of the communities affected, but the league confirmed that Juneau is not one of the 10 cities. Juneau expects to pay roughly \$12 million in various forms of insurance in 2005, according to Juneau Finance Director Craig Duncan.

The league's insurance program covers workers' compensation, natural disasters, third-party injury liability and other costs for about 134 Alaska cities, boroughs and school districts.

Gov. Frank Murkowski vetoed \$22 million in municipal revenue sharing last year, which had helped many communities pay insurance costs in the past. Combined with the rising costs of fuel, the cuts have made it impossible for some cities to continue paying.

"In the past when they could count on a municipal assistance and revenue-sharing check, we'd carry them until the state checks were cut," Smith said. "They can't pledge zero, so I can't carry them. We carried them as long as we could and finally had to pull the plug."

In an effort to offset the cuts, Murkowski sent \$15 million to cities that same year in one-time federal money from President Bush's Jobs and Growth Tax Relief Act, with minimum payments of \$40,000 going to smaller communities.

This year Murkowski is asking the Legislature to approve \$6.8 million in aid for about 125 small, rural communities. The program would provide

\$25,000 for communities with fewer than 100 residents, \$50,000 for those with 100 to 500 residents and \$75,000 for those with 500 to 1,200 residents. The program is intended to offset rising fuel costs.

"These communities have experienced higher energy costs than the rest of Alaska and they have no tax base and insufficient commerce to support a sales tax," Murkowski said in a statement released in October.

But it is unlikely that the revenue-sharing program will be reinstated this year as it existed before the cuts, said Becky Hultberg, a Murkowski spokeswoman.

"Things are still open," she said. "We are still considering alternatives. The state this year will have some very important priorities, education being one of them. It is unlikely that insurance for cities would rise to that level. But the governor has recognized the needs of some of the smaller communities due to the disproportionately high cost of fuel and is making an effort to address those needs."

The Alaska Municipal League has made the reinstatement of some form of revenue sharing for cities its top priority this legislative session, which begins in January, according to program and policy coordinator Kathie Wasserman.

Wasserman, the former mayor of the Southeast coastal community of Pelican, said some communities drop their insurance before cutting other costs because citizens often are not informed.

"The mayor and councilmen have to react to their communities," she said. "If the roads aren't plowed, you'll get calls every day. They're not going to call you about the lack of insurance because it's not going to touch them."

Insurance costs have increased substantially, according to Mike Black, director of the state's Division of Community Advocacy, who also said the loss of insurance is often not visible to the public.

He said communities without insurance would have to appeal to the Legislature, Alaska's congressional delegation or some other state or federal agency for assistance. Black said he's advised communities with municipal employees to maintain their workers' compensation insurance policies because injured workers can sue the city, resulting in large court settlements.

"It's required under state law that an employer have workers' compensation insurance," he said. "We tell them that's something you have to retain."

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# Ketchikan Daily News

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Wednesday, December 01, 2004

## Fairbanks Daily News-Miner

### 10 Alaska communities forgo insurance

Friday, December 03, 2004 - Staff and Wire Reports

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Another dozen could follow within the next few months, said Kevin Smith, executive director of the Alaska Municipal League Joint Insurance Association.

Smith would not release the names of the communities affected.

Somewhat ironically, the city of Fairbanks just started purchasing insurance through the municipal league in July as a means of saving money.

The city was self-insured previously and was able to save money by purchasing insurance as part of the larger group, said Fairbanks Mayor Steve Thompson. "By going together in a pool with more people you can keep rates down," he said. He said the news that some communities might be dropping out and making the pool smaller is troubling.

"That's kind of a bother," he said.

The league's insurance program covers workers' compensation, natural disasters, third-party injury liability and other costs for about 134 Alaska cities, boroughs and school districts.

Thompson said Fairbanks received notice that its workers' compensation coverage through the AML would increase by 12 percent effective July 2005. The AML requires six-months' notice for dropping out of its program. The mayor did send a letter of tentative notice to the AML Thursday, he said, but he emphasized that the letter is standard procedure to allow the city to shop for other carriers and the city has no intention of going without coverage.

"It is only responsible for us to continually do that," he said. "It's no different that any responsible business would do to continually make sure they're saving as much money as possible."

The Fairbanks North Star Borough is self-insured and does not use the AML program.

Gov. Frank Murkowski vetoed \$22 million in municipal revenue sharing last year that had helped many communities pay insurance costs. Combined with the rising costs of fuel, the cuts have made it impossible for some cities to continue paying.

"In the past when they could count on a municipal assistance and revenue-sharing check, we'd carry them until the state checks were cut," Smith said. "They can't pledge zero, so I can't carry them. We carried them as long as we could and finally had to pull the plug."

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"Things are still open," she said. "We are still considering alternatives. The state this year will have some very important

# JUNEAU EMPIRE

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## Empire editorial

### State needs to share the windfall with cities

Some states would be envious of Alaska even in our worst budget times, but once again financial fortune has smiled on this state and the result will be hundreds of millions of unexpected dollars into its lap.

Revenue from record-high oil prices likely will close the state's \$360 million budget gap and send an additional \$500 million to its general fund. This rare stroke of luck isn't going to last forever and state leaders therefore need to make sure the extra income isn't squandered.

Education is at the top of the list of items that need greater funding. Juneau is not the only city in the state in which teachers struggle with classrooms of more than 30 students. Key to improving education in this state is reducing class size by increasing the state's allocation to schools. Gov. Frank Murkowski already has called for a \$126 million increase in spending for K-12 education over the next two years. The Alaska Legislature needs to follow up on that and make sure that some of this fleeting wealth brings improvements in classrooms across the state.

The Murkowski administration also is looking at putting money back into social-service programs, many of which have been trimmed in recent years. The governor is proposing \$6 million for children's services, \$1.5 million for juvenile justice and \$7.1 million for preventing drug and alcohol abuse. These are all wise investments and could save the state money down the road, particularly in the criminal justice system.

With its financial windfall, the state needs to make sure that it avoids two things: using the money for pet capital projects and leaving cities to struggle

on their own.

Too many schools and other public buildings are in need of maintenance that has been delayed because of tight budgets in recent years. These need to be brought up to par before money is frittered away on new capital projects, which will in time need maintenance of their own.

Most importantly, though, Alaska's legislators cannot leave cities out in the cold financially. Lawmakers have failed to take real action to solve the state's long-term budget problems. Too worried about their own political careers, legislators haven't made the tough decisions that are needed on broad-based taxes, increasing revenue from the oil industry or other measures that would bring long-term financial stability. What lawmakers have done is shift the burden to cities by slashing their state funding.

As revenue sharing with cities has been cut, local governments statewide have had to increase property taxes by 33 percent and at least 30 rural communities have had to cut essential services, such as road maintenance or public safety, according to the Alaska Conference of Mayors. Ten small towns have had to drop their municipal insurance program, which covers workers' compensation, natural disasters and other costs.

With the unexpected oil revenues, the state needs to share the wealth and restore funds to its Municipal Revenue Sharing Program. Many of Alaska's small cities are desperate for a financial boost because of belt-tightening in recent years, and it's only fair that this windfall of cash should be used to bring them some relief.

# ALASKA

## 10 towns

# can't pay insurance

DECEMBER 6, 2004

■ **BROKE:** Without state aid to pay premium, small cities risk disaster.

By JOEL GAY  
Anchorage Daily News

Nearly a dozen rural communities are flirting with financial disaster after failing to pay their insurance bills and dropping out of a statewide pool of self-insured cities, boroughs and school districts.

The 10 small cities are no longer carrying workers' compensation, snowplow insurance or basic liability coverage, in large part because the state has eliminated the grants they once relied on to pay such expenses, said Kevin Smith, executive director of the Alaska Municipal League Joint Insurance Association.

Now uninsured, they could be fined for failing to meet legal requirements. They also run the risk of bankruptcy if slapped with a big lawsuit, Smith said.

## INSURANCE: *If town is sued, state may take hit*

Continued from B-1

much to collect from a bankrupt city, Smith said.

"He can be the proud owner of an old waste-water treatment plant," he said.

It's also possible that a person could turn to the state, if a city were bankrupt, Smith said.

"You might decide the deeper pocket is to go after the state," since every city is a political subdivision of the state government, he said.

That's untested legal ground in Alaska, he added.

The cities that lost their insurance could get it back, Smith said, but it will take work. Not only must they make up the last four months, but they'll have to pay ahead several months.

They could get help if the Alaska Legislature approves a Murkowski proposal to give communities another one-time grant, with the smallest receiving

Several small cities that last year had feared the loss of state aid said Friday that they are still financially solvent, though it has required extreme measures.

"We're still floating," and keeping up with insurance payments, said Larsen King, mayor of the Nunivak Island village of Mekoryuk.

But to save money, the city has merged with the local tribe, he said. The arrangement allows the city to tap state aid whenever it can but share the cost of administering the city's government with the tribe.

To the north, the village of Kiana did the same thing, said Dolores Tuckfield, deputy director of Kiana Traditional Council. In a move driven largely by the loss of revenue sharing, the city contracted with the council to administer city services, she said.

"It's been a lot of work" to establish the new system, which began July 1, Tuckfield said. But

so far, it's working well, she said, and the city has stayed ahead of its insurance bills.

The Southeast logging village of Coffman Cove is also meeting its financial obligations, though not without some sacrifices, said city administrator Judy Willis.

"Our (insurance) payments aren't always on time," she said. "But we haven't got a cancellation notice yet. I think they're being generous."

Insurance is a major expense in the city of 165, Willis said. Even after paring away nonessential costs, it was still more than \$20,000 a year, she said.

Coffman Cove has survived the loss of state revenue sharing so far, Willis said. But there's not much more the community can cut or raise without help from the Alaska Legislature. Willis wants to allow second-class cities such as hers to levy a flat property tax — say, \$100 an acre. Current law prohibits property

and the state may end up paying the cities bills anyhow, he said.

"You could make an argument that they're a political subdivision of the state, and if they're not making it (financially), the state is on the hook," he said.

Alaska's cities and boroughs received state aid for years. Some of the grants were specifically for public safety or construction. Others could be used for anything, including heating oil, city hall salaries and expenses such as insurance.

The three main sources of municipal aid dwindled over many years but finally expired when Gov. Frank Murkowski vetoed the last of them in 2003. Murkowski later used a federal grant to give municipalities a one-time check, which for the smallest communities was \$40,000.

Most cities absorbed the loss by cutting services, raising taxes and fees, or both. In small communities with fewer resources, the cuts meant reducing or shutting down popular services, such as snowplowing, teen centers and street lights.

But 10 communities, which Smith would not name, started falling behind on their monthly payments to the statewide insurance pool. This month, their insurance was canceled, he said.

The pool has "been carrying them for four months," Smith said. "I couldn't do it any longer." And another dozen or so communities are close to losing their insurance, as well, he said.

Cities are required to carry workers' compensation, and most provide it for their volunteer firefighters and emergency medical personnel, Smith said. Asked what the uninsured cities are doing now, he said, "panicking."

The Alaska Department of Labor could fine the cities for failing to insure their workers, Smith said. That would just drive the cities further into debt, he said.

If a worker got hurt or a visitor slipped on city property and successfully sued, there wouldn't be

See Page B-3, INSURANCE

taxes unless they're based on an assessment.

"If we had enough money to have everything assessed, we wouldn't need the tax," she said.

Otherwise, communities such as hers will have to rely on bake sales and raffles to raise money for expenses such as insurance and salaries, Willis said. She was going to a fund raiser Friday night for local sports teams. "Next week it's the fire department," she said.

■ Daily News reporter Joel Gay can be reached at

## INSURANCE JOURNAL

# 30% Commission

## West News

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### Ten Small Alaska Communities Drop City Insurance

December 8, 2004

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Find this article at:

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**Kevin Smith**

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## Editorial

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### Insurance woes taking toll on Alaska

By John Crowder  
Homer Tribune

Alaska is not the only state of the union facing rising health insurance costs, but here in the far north we rank among the most uninsured in the nation. While we are only a microcosm of a much larger problem, it is clear that health care and insurance racketeers are pushing Alaska into the red.

Hikes in long-term care and Medicaid and prescription drugs

are also on the rise, according to a recent study sponsored by the Pew Charitable trust. The study showed that 22 percent of adult Alaskans are without health insurance. Although Alaska's Denali Kid Care program covers a significant number of children under 18 - boosting our national ranking to 35th - close to a fourth of our population is using the Medicaid system.

Insurance gouging is meanwhile taking a tremendous toll on local Alaska governments, and the state's decision to bail out our school system from rising costs likely kept them from deficit spending. Ten small communities in our state have recently discontinued municipal insurance plans because of rising costs and lack of state assistance. Many more are expected to do the same in the near future, according to reports from Alaska Municipal League. This type of insurance covers everything from natural disasters to workers' comp. Such a trend is opening communities up to enormous liability.

Homer is having its own budgetary problems. But will more state revenue sharing be the key to bailing communities out of this insurance bind? I believe the problem demands a more comprehensive overhaul at the

federal level.

The ramifications of these hikes are that insurance companies are allowed to cause rampant reductions in every other area of government spending, to make up the difference. The state's Health and Social Services budget has skyrocketed, causing infiltration into other departmental budgets. The city of Homer's Public Employee Retirement System and workers' comp levels are going through the roof, a large reason for the city's need to cut other areas of spending and boost fees in various departments. But where is the accountability for insurers and health care providers? That is the question that people are asking nationwide. While health care was a major focus in the recent election, one must concede that each political party has its hands in the pie. It appears that antitrust violations will simply continue as long as special interest partisan politics flourish.

Obviously, mere criticism will not do any good. And granted, there are a number of virtual epidemics that play into the problem, from the spread of HIV/AIDS to America's obesity rate and aging populous. In Alaska, health care providers also face tremendous travel costs in many cases. Perhaps there is more complexity to the situation than a few big wigs sitting in a smoky penthouse trying to concoct ways to gouge the commoner. Yet, neither can we deny the big money lobbying that keeps America uninsured.

Unfortunately, it will probably take even more individuals and corporate entities pulling out of the insurance grid altogether before regulators are willing to affect any meaningful change.

Meanwhile, what do we do? Splint our own broken bones and cross our fingers that nobody sues the pants off the city for slipping on the sidewalk?

Well, perhaps it's not that bad. We must acknowledge, with all its flaws, that at least we have a health care system that functions. There are plenty of countries that would gladly pay out the nose just to have a hospital available in every community. On that note, Homer and the rest of America is truly blessed to have the health providers that it does. Until there is change on the horizon, Alaskans will just continue to do the best with what they have.

Annie Mellvain  
Director of Member Services  
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907.586.1325 phone  
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**HB**

**1**

**SFIN**

**FILE**

SENATE FINANCE COMMITTEE REPORT

DATE: 3/3/05

REPORTED OUT  
MAR : 6 2005  
SENATE FINANCE  
COMMITTEE

FURTHER: Rules  
DATE TURNED  
IN TO OFFICE: 16 March 2005

Finance Committee considered CS FOR HOUSE BILL NO. 1(HES)

HB 1 INCREASE AMT OF BASE STUDENT ALLOCATION

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

and recommends:

- be replaced with S CS CS HB 1 ( FIN )
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ ( \_\_\_\_\_ )
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**  
 Same Title  
 New Title  
**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
SPIN/EED	3/16/05	32,018.6			6

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Bunde	<i>[Signature]</i>	✓			
Hoffman	<i>[Signature]</i>			✓	
Olson	<i>[Signature]</i>			✓	
Stelman	<i>[Signature]</i>	✓			
Dyson	<i>[Signature]</i>				✓
Wilken	COCHAIR: <i>[Signature]</i>	✓			
Green	COCHAIR: <i>[Signature]</i>	✓			

SENATE CS FOR CS FOR HOUSE BILL NO. 1(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES GATTO, Chenault, Wilson, Lynn, Neuman, Thomas

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the base student allocation used in the formula for state funding of  
2 public education; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. AS 14.17.470 is amended to read:

5       Sec. 14.17.470. Base student allocation. The base student allocation is  
6       \$4,733 [S4,576].

7 \* Sec. 2. AS 14.17.470, as amended by sec. 1 of this Act, is amended to read:

8       Sec. 14.17.470. Base student allocation. The base student allocation is  
9       \$4,919 [S4,733].

10 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12       CONTINGENT EFFECT OF SECTION 2 AS 14.17.470, as amended by sec. 2 of  
13 this Act, takes effect only if the Twenty-Fourth Alaska State Legislature during its First  
14 Regular Session passes a version of an Act that entirely replaces the existing defined benefit

1 plan for teachers established in AS 14.25 for teachers and members of the teachers' retirement  
2 system with a defined contribution plan for persons who are first employed as teachers and  
3 members covered by that system after that Act's effective date, and that entirely replaces the  
4 existing defined benefit plan for public employees established in AS 39.35 for members of the  
5 public employees' retirement system with a defined contribution plan for persons who are first  
6 employed as members covered by that retirement system after that Act's effective date, and  
7 that Act takes effect on a date that is not later than June 30, 2006.

8 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
9 read:

10 RETROSPECTIVE EFFECT OF SECTION 2. If under sec. 3 of this Act, sec. 2 of  
11 this Act takes effect, and the effective date of sec. 2 is not earlier than July 1, 2005, and not  
12 later than June 30, 2006, the amendment made to AS 14.17.470 by sec. 2 of this Act is  
13 retrospective to July 1, 2005, and applies to the calculation of the formula for payment of state  
14 funding of public education under AS 14.17 for state fiscal year 2006.

15 \* Sec. 5. Section 1 of this Act takes effect July 1, 2005.

16 \* Sec. 6. If, under sec. 3 of this Act, sec. 2 of this Act takes effect, it takes effect on the  
17 later of the effective date of sec. 1 of this Act or of the Act described in sec. 3 of this Act.

18 \* Sec. 7. Sections 3 and 4 of this Act take effect immediately under AS 01.10.070(c).

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SCS CSHB 1(FIN)  
(S) Publish Date: 3/16/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
Title: "An Act increasing the base student allocation for state funding of public education..." RDU: K-12 Support  
Sponsor: Rep. Gatto Component: Foundation Program  
Requester: Senate Finance Committee Component No: 141

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	32,018.6					
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>32,018.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	32,018.6					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>32,018.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill would increase the Base Student Allocation to \$4,733 for FY 2006.

Prepared by: Senate Finance Committee Phone: \_\_\_\_\_  
Division: \_\_\_\_\_ Date/Time: 3/16/05 8:48 AM  
Approved by: \_\_\_\_\_ Date: 3/16/2005  
Agency: \_\_\_\_\_

## FY06 Base Student Allocation Increase to \$4,733

School District	FY06 Projection		Difference
	@ \$4,576	@ \$4,733	
Alaska Gateway	4,915,667	5,065,670	150,003
Aleutian Region	1,059,727	1,083,040	23,313
Aleutians East	3,501,788	3,644,037	142,249
Anchorage	223,154,797	233,596,762	10,441,965
Annette Island	1,398,131	1,487,662	89,531
Bering Strait	17,205,353	18,026,913	821,560
Bristol Bay	1,239,140	1,306,676	67,536
Chatham	1,733,593	1,796,983	63,390
Chugach	1,905,637	1,938,796	33,159
Copper River	6,032,438	6,245,535	213,097
Cordova	3,087,845	3,217,976	130,131
Craig	3,698,050	3,840,330	142,280
Delta Greely	8,942,900	9,248,796	305,896
Denali	4,597,598	4,774,294	176,696
Dillingham	4,263,506	4,437,774	174,268
Fairbanks	72,823,842	76,239,078	3,415,236
Galena	16,058,992	16,392,779	333,787
Haines	1,563,785	1,645,882	82,097
Hoonah	1,535,829	1,596,694	60,865
Hydaburg	767,366	783,683	16,317
Iditarod Area	4,427,089	4,517,694	90,605
Juneau	23,648,457	24,839,469	1,191,012
Kake	1,190,539	1,237,538	46,999
Kashunamiut	2,546,629	2,678,521	131,892
Kenai Peninsula	46,190,905	48,424,071	2,233,165
Ketchikan Gateway	11,703,837	12,254,781	550,924
Klawock	1,331,394	1,362,659	31,265
Kodiak Island	15,580,674	16,273,521	692,847
Kuspuk	4,610,680	4,811,516	200,836
Lake & Peninsula	5,980,874	6,292,027	221,153
Lower Kuskokwim	39,975,145	41,015,415	1,040,270
Lower Yukon	18,120,223	18,965,622	845,399
Mat-Su	83,064,659	86,439,779	3,375,080
Nenana	3,922,379	4,058,969	136,590
Nome	6,359,841	6,605,698	245,855
North Slope	8,451,990	9,115,783	663,793
Northwest Arctic	22,227,553	23,103,969	876,416
Pelican	404,184	410,429	6,245
Petersburg	3,691,527	3,853,164	161,637
Pribilof	1,258,266	1,319,973	61,707
Saint Mary's	1,992,370	2,061,131	68,761
Sitka	7,265,034	7,609,774	344,740
Skagway	710,547	748,377	37,830
Southeast Island	3,069,832	3,139,714	69,882
Southwest Region	6,817,409	7,134,603	317,194
Tanana	1,027,629	1,064,645	37,016
Unalaska	2,465,593	2,512,274	106,681
Valdez	3,664,508	3,865,330	180,822
Wrangell	2,276,615	2,375,040	98,225
Yakutat	991,431	1,031,435	40,004
Yukon Flats	4,617,236	4,726,992	109,756
Yukon Koyukuk	11,059,846	11,481,221	421,373
Yupit	4,225,753	4,425,352	199,599
Mt. Edgecumbe	1,842,250	1,931,099	88,849
AMYA	4,299,078	4,518,627	219,549
Other	26,096,100	26,096,100	0
TOTALS	766,554,303	798,572,950	32,018,647

Adopted 3/16/05

WORK DRAFT

WORK DRAFT

WORK DRAFT

24-LS0001\S  
Mischel  
3/14/05

SENATE CS FOR CS FOR HOUSE BILL NO. 1(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES GATTO, Chenault, Wilson, Lynn, Neuman, Thomas

A BILL

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18 \* Sec. 7. Sections 3 and 4 of this Act take effect immediately under AS 01.10.070(c).

SENATE FINANCE COMMITTEE  
3/16/2005 COMMITTEE ACTION

Bill Number	HB 1		
Amendment	CS "S"		
Motion	adopt		
<u>Motion by</u>	Wilken		
<u>Objection by</u>	Hoffman		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stedman			
Senator Bunde			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Passed		



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### FAX COVER SHEET

DATE: 16 March 2005 TIME: 10:20 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND  
SENATE FINANCE COMMITTEE SECRETARY  
PHONE: 465-4935  
FAX: 465-2187

NOTES: Final Please

SCS CS HB 1 (FIN) 24-LS0001\5  
Mischel  
3/14/05

no changes

Thanks  
Mindy



HB 1

Public  
Comments

HB 1 provides the Kenai Peninsula Borough School District with the opportunity to pay our increased fuel costs in the 18 schools heated with fuel oil or propane and to pay the retirement obligations for our current employees. Obviously we are thankful that it doesn't look like we will have to cut further positions in order to meet these fixed obligations. But, the false hope that our school district could do much of anything to affect the large class sizes or bring back vocational, music, art, physical education or other offerings is wrong - the amount proposed in HB1 simply won't do it.

Information is power. I would like to share three informational items with you in this testimony. The first is what school looks like for our current juniors in high school. Beginning in their seventh grade year (5 years ago) the course offerings began being reduced. The District was desperately doing everything possible to work smarter and more efficiently so that the classrooms would be the last impacted area. We've done everything (shared services for administration, nursing, counseling, secretaries) right up to and including closing a school. The seniors next year have done without textbooks, desks in some cases, and certainly without the rich array of opportunities traditionally associated with schools. Couple that with their increased requirements for graduation and you can understand why when I talk to them, they think the adults in their world have royally screwed up. What price have they had to pay for the lack of investment?

The second informational item I'd like to share with you is about the cost study. For six years we have been following the rules, going to Juneau, being patient. The statutory requirements of SB 36 required this review. The results are in and they are clear - there is no other district in the state as under funded as the Kenai Peninsula Borough. What would we have done with that money? Can you imagine classes in our 16 schools of under 100 students that had more than one teacher for 20 students in 5+ grades? Can you imagine a staffing formula that allows teachers to not have 30 high needs students crammed into rooms built for 24 students? Can you imagine programs for students that helps them reach their highest personal potential? That's what the equity of the cost study would have done for us. We've finally hemorrhaged - the bleeding and reductions can no longer be contained by the band aid fixes being applied in the area of funding. The 44 schools on the Kenai Peninsula need immediate and substantial financial help, well beyond that provided in HB 1.

The last piece of information that may be of interest is anecdotal. When children leave our system at any point, we attempt to interview parents and see why. Six years ago the answers we got were things like "I'm mad at a teacher or principal and I'm going to home school." Four years ago the majority of answers were things like, "I'm headed to MatSu or Anchorage because that's where the jobs are." Beginning two years ago, the answers we heard go like this, "This state is so messed up that we can do much better outside, especially for our kids." In other words there's a degree of urgency if we are going to address the hopelessness felt by many Alaskans.

Remember, information is power. You have the information and you have the power. I'd like you to picture the bright flame burning in our students as they receive the skills to become productive members of society - that's the dream of public education. Over the last few years on the Kenai, that bright flame has been reduced to smoldering coals. Pretty soon there will be just the ashes left from those of use still trying to make a difference, no matter the odds. I speak on behalf of the 9500 students, the 1100+ employees, and the 50,000 Borough residents who expect the constitutionally mandated public education to thrive. By not addressing both adequacy and equity in education funding, the message is that on your watch, by your action (or inaction), you have decided that the students of the Kenai Peninsula are worth less than others.

Senate Finance Committee

HB 1 Hearing

March 9, 2005

My name is Sandy Wassilie; I am vice-president of the Kenai Peninsula Borough School District from Seward.

I appreciate the attention the Legislature is giving to **EQUITABLE, ADEQUATE AND EARLY** funding for K-12 education.

The inequitable Area Cost Differential (ACD) for our district (1.004) over the years has led to a serious inadequacy of funding. The Base Student Allocation (BSA) of \$4919 proposed in HB 1 is helpful. It does not, however, allow us to provide the kind and number of programs we need to meet increasing mandates and an increasing achievement gap that seems to be going hand in hand with an increasing poverty rate, about 40%, at least on our side of the Peninsula.

To close the achievement gap, we need to address the programming gap. To close the programming gap, we need to address the funding gap. With adequate funding, we can continue to reduce class size to the levels of three years ago, add teachers and more classes—more classes in terms of both subject matter and number of sections. For instance, we have classes of 30 or more students in rooms built for 25 or less. For instance, we have too few teachers and classes to provide full day programming at the Seward Middle School, and most district high schools. The number of "home releases" at junior and senior grade levels is increasing. We have been reducing academic and technical offerings and the level of adult supervision young people deserve.

I would urge you to support HB 1 and add to the BSA. Our board has passed a resolution stating we need: a total of \$5200 per pupil based on the current ACD. This will provide a quality education that enables our students, first of all, to graduate, and then, to take advantage of college, technical training and the numerous job opportunities a gas line and mining are opening up in the near future.

We are very heartened by the findings of the recent Alaska School District Cost Update by ISER. It gives our district a reasonable figure of 1.171. Monday night, our board passed another resolution in support of this study and asking for legislation that phases in the recommendations resulting in a more equitable distribution of funds, **BUT NOT AT THE PRICE OF ADEQUACY OF FUNDS FOR ALL DISTRICTS.**

In closing I would urge you to consider K-12 funding not as a state cost but a wise investment. Thank you.



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Senate Finance  
 (committee name)  
 committee on House Bill 1, dated March 9, 2005.  
 (bill/subject)

I urge you to raise the base student allocation from \$4,919 to \$5,200, to adequately fund education here.

In our town the schools and community have been doing the best with what we have. I am concerned that programs and teachers have been cut. There is no gifted education at the high school level and it has been reduced to once a week, at the lower levels. Music has been cut and we have no feeder program for high school. Parents in our town are choosing to move out of state elsewhere to take advantage of increased educational options or they are choosing home schooling or private teachers. Our children are our future. Please increase funding to \$5,200 base student allocation.

Signed:

Karen Chase  
 (Testifier)

Self  
 (Representing / Optional)

P.O. Box 667 Seward, AK 99664  
 (Address)

907-224-3261  
 (Phone No.)



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Senate Finance  
(committee name)  
committee on House Bill 1 dated 9 March, 2005  
(bill/subject)

The K.P.B. S.D. District is not and has not been funded adequately for many years. This is because it is funded at the same level as the Anchorage District, but geographically and in school populations, we are the same as a bush district. Consequently, here in Seward, we have begun to lose some of our best students because the school can no longer offer enough challenging courses to keep them. Middle school students are in science classes with more than 30 kids. No art, no music for middle school. No gifted program for the high school. Fewer teachers every year.

Signed: Deborah Dixon  
(Testifier)

The Dixon Family  
(Representing / Optional)

Box 1058, Seward AK 99664  
(Address)

907-224-5851  
(Phone No.)

The K.P.B.S.D. needs a minimum funding level of \$5000 in order to stop cutting programs.



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Senate Finance Committee  
(committee name)

committee on HB1 Student Funding dated March 9, 2005  
(bill/subject)

Seward Schools are a proud part of the Kenai Peninsula Borough School District yet we have taken a beating over the last several years. We have over 30 kids in classrooms with a single teacher and have no music program provided by our schools. While we appreciate the halting of funding cuts, we now need to rebuild from a position of extreme weakness. Based on the current area cost differential, we need \$5200 per child, not the \$4919 per child that is proposed.

There is no doubt that the schools are cursed with funding PERSTERS. Given that this is not going to change in the immediate future, we need to insure that our classrooms are able to maintain themselves. My children are in classes with 32 other kids and a single teacher. This means that many students get no individual attention. Our gifted and talented program has been reduced to nothing, and our athletic programs have been crippled.

The people in Seward are resourceful & many have found alternative ways to support education. This doesn't work for everyone, leaving many kids in our community left with an inadequate education, contrary to what is in our state constitution. Please do the right thing & provide our schools adequate funding at \$5200/student! Thank you for your support.

Signed:

S. Johnson  
(Testifier)

Self  
(Representing / Optional)

PO Box 1873 Seward, AK 99664  
(Address)

907-224-4705  
(Phone No.)



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Senate Finance  
 (committee name)  
 committee on HTBI dated 3/9/05  
 (bill/subject)

Thank you for having this public hearing to allow parents & community members to voice their opinions. I am the parent of four children, products of the Anchorage School District, Kenai Peninsula School District and two homeschool programs. I only have one child left in school, an eighth grader. I have watched the educational program in my local schools erode steadily since the first day I put my 25 year old in kindergarten. Money may not be the answer but it is part of the solution.

Did you hear Alan Greenspan speaking before a Congressional hearing recently (I believe the same day the House voted to raise educational funding but not to a level that actually improves the current situation in my local schools)? He responded to a question about the growing gap between upper income and lower income Americans by quite a long response about education and how it essential it was for our country. He didn't suggest anything other than education as the way to close the gap.

How can education close the gap if we are not supplied the funds to put sufficient numbers of teachers in front of kids and kids don't receive a high quality education? Greenspan said we're still behind the rest of the world... while our fourth graders are on track by 12<sup>th</sup> grade we've dropped the ball and we're behind in the game (my words not his more eloquent description). Our economy is going global. Our kids need to compete globally.

My son attends a middle school without a librarian, without art, without music, virtually without field trips, without computer classes, without shop. His school does have the distinction of the shortest day in our district and science classes with over 30 students. Kenai Peninsula Schools have been shortchanged by the foundation formula for over a decade. As you vote to spend the excess earning this year, please temper your votes by the educational needs of our Alaskans and save of those earnings for schools this year and in the future.

Signed: Lynn Hall  
 (Type)  
 \_\_\_\_\_  
 (Representing / Optional)  
Box 333 Seward 99664  
 (Address)  
274-7300  
 (Phone No.)



# Alaska State Legislature

Please enter into the record by testimony to the (S) FIN  
COMMITTEE NAME  
 committee on HBI, dated 3-9-05  
SUBJECT TODAY'S DATE

You often hear people jokingly say - "It's the Secretary that really runs the school." Well, that saying is becoming more and more true every year - and it's not funny any more. In the 8 years that I have been at McNeil Canyon, there have been cuts to teachers, custodians, nurses and the principal. My job has grown significantly.

There used to be a full time nurse. We now have nursing services one day a week. That means I am now the nurse 4 days a week. I pass out medications, take out slivers, sooth hurts, check for head lice, take temperatures, wash and bandage scrapes and on average see 12 students a day. Since we no longer have a custodian all day, I can often be seen carrying 5 gallon water bottles down the hall to put in one of the water coolers when they run out.

The past two years, our principal's hours have been cut. Last year he was at Razdolna School part of the time and this year he is expected to teach half of the day. I have heard rumors that the district is considering having regional principals. Does this mean there will be a sub for the principal in the building when he is at another school? My guess is probably not, since there was never a sub for my principal when he had to go to Razdolna last year. Most likely, a teacher will be asked to shoulder the additional responsibility of being in charge for the day - in addition to her regular teaching duties and without additional compensation for this huge responsibility. This means that for the entire day, if there is a situation that the principal (or charge teacher) needs to deal with - the student or parent or I will be waiting even longer for a solution or answer or assistance because the principal is in another building and the teacher is in class. This kind of a situation is not fair to the principal, the teacher, the secretary, the parents or the students. When the principal is out of the building, technically a teacher is put in charge but realistically, it's the secretary who is dealing with everything.

As secretaries, we love our jobs and are doing the best we can, but our "To Do" list grows longer every day. I respectfully ask that you adequately fund education. This downward trend cannot be continued.

Signature: Laura Sheldon Laura Sheldon  
TELEPHONE (907) 235-5950

Box 15181, Fritz Creek AK 99603  
907-235-5950  
TELEPHONE

Stephanie Allison  
9414 Long Run Drive  
Juneau AK 99801  
Phone: 780-2092  
Fax: 780-6407

**Stephanie L. Allison,  
CPA**

# Fax

<b>To:</b> Mindy Rowland	<b>From:</b> Stephanie Allison
<b>Fax:</b> 465-2187	<b>Date:</b> March 8, 2005
<b>Phone:</b> 465-4935	<b>Pages:</b> 2 w/cover
<b>Re:</b> Testimony	<b>CC:</b>

- Urgent   
 For Review   
 Please Comment   
 Please Reply   
 Please Recycle

**Comments:**

Ms. Rowland,

Due to a sick child I am unable to personally testify at the Senate Finance Committee meeting today at 9:00am. I would like the following letter to be a part of the record. Please call me if you have questions.

Thank you  
Stephanie Allison

*Stephanie L. Allison, CPA*

March 8, 2005

Senate Finance Committee  
First Session  
Twenty-Fourth Legislature  
Juneau, Alaska

Dear Ladies & Gentlemen;

I am writing out of concern for the under funding of our states education system. I have lived in Alaska for 28 years, receiving all of my secondary and post-secondary education within the state. When I attended Chugiak High School in the early 80's the only class with 30 students was band. The rest of my classes never exceeded 25 students. I cringe when hearing of classes at Juneau Douglas High School exceeding 35 pupils. The class sizes in other schools within the Juneau School District are not much better. At Glacier Valley Elementary, where I am on the site council, both fifth grade classes have 31 students, one 4/5 grade class has 30 students, one 2nd grade class has 27 students and both 1st grade classes have 26 students.

My own son's kindergarten class had 25 students. Although his teacher worked hard, had parent assistance every day of the week and greatly cared for her students, the students didn't get everything they needed. This caring teacher spent a great deal of time advocating for her students whose parents couldn't or wouldn't advocate themselves. This activity drained the teacher of time and energy. I believe that these parents didn't advocate because they didn't know how or that they should. The reason they didn't have this knowledge or skill was because of their own education, and a state that failed them.

This great state, which is not by any means poor, is failing its children. We are reaping our rewards and will be paying for this for many years to come. Our undereducated citizens will need financial assistance when they can't food or house their families. Our undereducated citizens will face incarceration, a cost the state supports. Our undereducated citizens will continue to rely on overworked teachers to advocate for their children.

The fallout of under funding education will continue to snowball until we are no longer a great state, but a desperate one. Please, increase the base funding for our children. I support the Alaska Kids Count and Anchorage School District proposal of \$6120 per student and I hope you do as well.

Respectfully,

*Stephanie L. Allison*

Stephanie L. Allison, CPA

1983 Chugiak High School Graduate  
1989 and 1993 UAF Graduate

9414 Long Run Drive Juneau, AK 99801  
(907) 790-3092 cell 773-3092 fax 790-6407  
jareda@jpi.net

# FAX TRANSMITTAL SHEET

TO: Mindy Rowland  
FROM: Margarita Bell *MB*  
DATE: March 8, 2005  
PAGES: 3 (including cover)

I am unable to attend the hearing scheduled for 9:00 a.m. and would like to submit the attached comments. If you need additional information, please contact me at 907-488-7306. Thank you!

**North Pole High School PTSA  
601 North Pole High Boulevard  
North Pole, AK 99705**

**DATE:** March 8, 2005

**TO:** Senate Finance Committee

**FROM:** Margarita Bell, President  
North Pole High School PTSA

**SUBJECT:** HB 1

On November 9, 2004, the North Pole High School PTSA unanimously approved Resolution 2004-01: North Pole High School Increase in Staffing to Improve Academic Achievement by Reducing Classroom Sizes (see attached).

Although the resolution is specific for our school and location, the expectations and impact are the same for all schools in the State of Alaska. The North Pole High School PTSA supports an increase in the amount of base student allocation sufficient to reduce class sizes

Our future depends on the success of our students and their success is due to the education they receive today.

**2004-2005 Officers:**

**Margarita Bell, President – Karen Lane, Vice President  
Kim Schmitz, Treasurer – Cindy Simpson, Secretary**

**NORTH POLE HIGH SCHOOL PTSA**

**RESOLUTION 2004-01**

**NORTH POLE HIGH SCHOOL INCREASE IN STAFFING TO  
IMPROVE ACADEMIC ACHIEVEMENT BY REDUCING  
CLASSROOM SIZES**

WHEREAS, the Department of Education has acknowledged that smaller classes are effective in helping to improve academic achievement and has accepted research that indicates that the threshold for classes lies between 15 and 20 students; and,

WHEREAS, the Fairbanks North Star Borough School District requires students to pass the High School Graduation Qualifying Exam in areas of mathematics, reading, and writing; and,

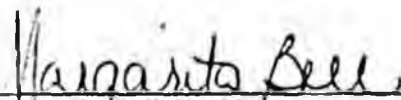
WHEREAS, the colleges requires high school graduates to have several credits in mathematics, English and sciences; and,

WHEREAS, the North Pole High School has class space to provide for four additional classes in core academic areas such as mathematics, language arts, and science; and,

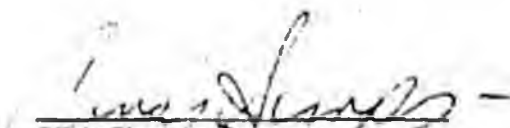
WHEREAS, the North Pole High School has 13 English classes, 6 mathematic classes, 8 social studies, and 4 foreign language classes over 27 students and 16 science classes over the safety capacity of 24 students; and,

NOW, THEREFORE, BE IT RESOLVED that North Pole High School Parent Teacher Student Association supports the increase in academic staffing at North Pole High School and encourages the Fairbanks North Star Borough Board of Education to approve additional staffing for North Pole High School.

PASSED AND APPROVED:

  
Margarita Bell, President  
North Pole High School PTSA

ATTEST:

  
Cindy Simpson, Secretary  
North Pole High School PTSA

Barbara Thurston  
628 Scater Street  
Juneau, AK 99801  
March 8, 2004

Members of the Senate Finance Committee  
State Capitol  
Juneau, AK 99801

Dear Senators:

I am unable to attend the March 9 hearing on HB1, but wanted to send in my written thoughts.

I am very concerned about the school funding level that was approved by the House in HB1. At a base student level of \$4919, most schools in the state will be facing cuts in the amount of money available to educate children.

I have had a child in the Juneau School District for five years, and have witnessed the effect that the consistently decreasing funding levels has had on the children. Class sizes have grown significantly across the board in the past few years, with some kindergarten and first grade children in classes with 25 or more students. Elementary schools have cut back on music, gym, extended learning, art, and other areas that are critical to a child's success in school. High schools have very overcrowded classes, with fewer materials and fewer elective classes available to students.

If HB1 passes the way it is currently written, these cuts will only increase.

I urge you to increase the Base Student Allocation in HB1 to the \$5120 that has been recommended by a number of groups. Alaska has enough money to pay for these costs; we simply need the legislature to take the leadership and make our children the priority they need to be.

Thank you.

  
Barbara Thurston

Audrey and Bill Diebels, Jr.  
8342 Betty Ct.  
Juneau, AK 99801

[bdiebels@qci.net](mailto:bdiebels@qci.net)  
907-789-4872

March 9, 2005

Re: HB 1

Dear Finance Committee Senator:

I urge legislative approval of increased funding for education at a base student allocation of \$5120. Some have questioned whether more money will meet our education needs. While more money will not solve ALL our problems, it will help immensely to:

- ensure every student has a desk in the classroom
- allow quality instruction with manageable class sizes (especially for labor-intensive subjects such as English)
- keep instructional materials current in this quickly changing world.

**Class size does matter!**

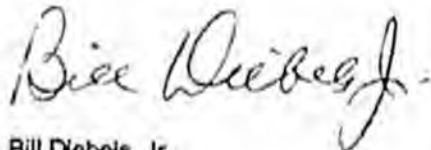
My son is in college and my daughter is a junior at JDHS in Juneau. My reasons for caring about education funding and the effect it would have on my kids have essentially vanished. However, I care about Alaska and its dim future if we continue to under-fund education of our most precious resource: our kids.

In closing, let me offer this anecdote. After growing up in Juneau I went to college in Wisconsin, then worked 10 years in Seattle. In 1990 my family returned to Juneau to be closer to family and raise our kids in "a small town". Quality of schools was a factor in our decision and at the time schools in Juneau were roughly equivalent to schools in Redmond, WA where we lived. As an involved parent who has been on site councils and participated in parent groups throughout my kids' education I have seen first-hand the impact of inadequate funding.

What troubles me is that if parents of young kids were to ask my advice on whether to make a similar move, I would have to warn them that education is not a priority for Alaska and advise them to consider look elsewhere to raise their family. With our current approach to education we are implying that mediocrity is acceptable and it makes me fear for the future of Alaska.

Please make adequate funding for education a priority.

Sincerely,



Bill Diebels, Jr.

March 7, 2005

Co-chair Senator Green and Co-chair Senator Wilken and fellow Senate Finance committee members.

My name is Lillian Melisa Worl. As a representative of Auke Bay Elementary Site Council, a member of Alaska Kids count, and as a concerned parent of two children who attend Auke Bay I wanted to share a few words for the record on HB1.

I recognize that most of you are quite familiar with education, funding and foundation formulas. What I want to share with you is what I've been seeing in the classrooms over the last four years. For the last few years, I've been volunteering in the classroom, in my daughter and son's class each week. I began volunteering initially to ease my child's transition into school. However, from the first day of school I was truly overwhelmed at the high level of demand required of the teachers.

To this day, I am impressed with how much teachers are doing with their scarce resources. In these past years, in the efforts to meet the requirements of No Child Left Behind, I've helped the teachers with math assessments, working with small reading groups, walking between the tables and desks helping the kids with their writing.

I've felt frustrated when I see how often one child, who desperately needs help from a special education teacher, can halt the class teaching as they act out their learning and behavioral frustrations. The teachers have no choice but to stop and help get that child's emotions under control, meanwhile 23 or more other students stand-by and watch. It is frustrating to me because I know with more resources, that child might get the help they need and more students could progress at a rate they need to meet the high academic standards placed upon our teachers.

I'm disappointed that I'm increasingly paying for public education through pushing my children's gift wrap sales, garden sales, art auctions, paying \$2 here, \$3 there for buses for field trips. And also while I'm juggling car pools to save gas on picking up my son from kindergarten now that there are no longer school kinder-buses, my two sisters don't have that option and must pay more of their limited income on Rally. Or worse, I worry about my nephew who walks to school along a heavy traffic, snowy road in the dark because the side-walks are not yet plowed and he doesn't live more than 1 ½ miles from his school so he no longer gets picked up by a school bus. Can it really be expected for a 5-year old, or even a 10-year old, to do so safely? If you think so, remember Skyler Lee Kim.

I'm sad that my aunt who adopted a foster child is not getting the help she needs to continue the tutoring that child needs to learn the core requirements for reading.

You have all heard about crowded classrooms, torn textbooks, leaking roofs. What I am seeing in the classrooms is more than just that. I'm seeing kids who are already struggling to succeed, never mind meet the core, as early as kindergarten and second grade. I'm concerned that if they're struggling now, will they make it to graduation or even to high school. I'm seeing families, who make just enough money to pay their mortgage, food and childcare, who do not have the extra money to pay for after school programs like piano, dance, soccer. Those children are not getting the "luxuries" of art and sports since those programs have long been cut-back in the schools to mere half-time positions. My kids get library, music, and gym on a rotating monthly basis in school. Is it enough? I don't think so, but fortunately, my family is able to supplement. But what about the at-risk and lower-income kids who could benefit and be motivated from music, sports and art where perhaps the other academic areas are not.

What I'm trying to say is your vote to increase funding is critical. It will provide much needed special education specialists to help the students who need it most, reduce the class sizes giving teachers a number of students they can manage more productively, provide classroom supplies out-dated and worn, and possibly fund some of the basics we've cut from our schools over the years and have accepted as adequate. I am here to say as a parent and school site council representative, our education funding is not acceptable and is not adequate.

Thank you for your time.

Respectfully,

Lillian Melisa (Lisa) Worl  
9159 Wolfram Way  
Juneau, Alaska 99801

Ivy J. Frye

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**From:** Carlile [carlile16mile@gci.net]  
**Sent:** Sunday, March 06, 2005 1:02 PM  
**To:** Sen. Lyda Green  
**Subject:** School funding

Dear Senator Green,

After years of insufficient funding and rapidly rising costs, we can no longer afford to do anything but make education funding a TOP priority in Alaska. I have watched the effects of this funding inadequacy take different forms as my own children have moved through the public school system in Juneau: a first grade teacher stopping notes home to parents because the school had run out of copy paper; multiple elementary classes being divided up weeks after the start of school to take advantage of one more teacher added when enrollment numbers just squeaked up over the target; requests for parent contributions from the middle school to replace outdated computers; high school teachers, with 150 students coming through their door each day, expected to give quality feedback on essays. The list goes on and on. Our students deserve no less than current textbooks, smaller class sizes, adequate counseling, diverse and quality course offerings, teachers with adequate resources to prepare students for life beyond high school.

Last year's legislative efforts at staving off further cuts were laudable, but did nothing to IMPROVE the plight of our schools. The public is not fooled by claims of an "increase" in the BSA to \$4919 this year. It's no secret that this amount doesn't even maintain the status quo, much less turn the tide toward real improvements. Yes, it will take courage and creativity to make substantive change; but it's time we paid the price for putting education on the back burner for years and begin to move forward. I expect the legislature to do whatever is necessary to provide the funding to not only prevent further cuts, but take a substantial step to improve things. This year, I fully expect to pay my part. As it is, I pay by contributing piecemeal to the critical needs in my own kids' classrooms.

A BSA of \$4919 is unacceptable. At \$5120, we can prevent further cuts AND begin to make the kind of improvements the students of this state deserve. You showed us you cared last year by facing up to this funding deficit and preventing further cuts. Show us with your vote this year that you are committed to making a real difference - permanent changes that set us on the road to real improvement.

Sincerely,  
Jan Carlile  
789-4746

3/7/2005

Ivy J. Frye

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**From:** Shelagh Sands [ssands@alaska.net]  
**Sent:** Sunday, March 06, 2005 11:59 AM  
**To:** Sen. Gary Wilken; Sen. Lyda Green; Sen. Con Bunde; Sen. Fred Dyson; Sen. Bert Stedman; Sen. Lyman Hoffman; Sen. Donny Olson  
**Subject:** base foundation formula, parent

Dear Senators,

I am a parent of three here in Juneau. I am on the PTA and will not be able to make it to the capitol on Thursday to testify.

I believe strongly that the foundation formula should be raised to \$5,120. I have volunteered for 10 years in the schools and have worked diligently to help the schools in many ways.

Over the years I have seen how these cuts have effected education and we need to lower class size and bring back art, music, gym and extra ESL money to the districts. The schools have pared down to the bone. It is time to make a commitment to make them better. If you raise this base foundation formula you will affect the class and it is desperately needed.

There is a reason we rank 43<sup>rd</sup> in the country for drop out rate. We have not inspired our children at a young age to remain engaged in education. We stress the academics and cut all that make a child want to be in school. Art, music, gym, time to talk with a friend as the class is smaller. Time to be part of a smaller community as then the shy can be heard.

The high school has a drop out rate of one third here in Juneau. Many of the elective teachers are no longer at the school, classes are huge and children give up.

I will relate a personal story. My son is in 9<sup>th</sup> grade and was in a Japanese class of 37. At mid semester I got him switched to the Japanese class of 16. He kept saying "this won't make any difference mom". After a month I ask him how it was going. He said he was surprised because now he liked the subject much more as he felt the class was much more a community. He no longer had to just sit and listen to lectures as in the larger class. This class the teacher had time to involve discussion and smaller projects between the kids. I asked him if he was surprised as being a teenager, they know it all. He replied "I guess you were right on this mom".

Let the children have an effect in the class and raise the funding for HB 1.

Thank you for your time.

Shelagh Sands  
Harborview PTA

Ivy J. Frye

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**From:** Mary Pat Schilly [marypats@alaska.net]  
**Sent:** Saturday, March 05, 2005 10:25 AM  
**To:** Sen. Lyda Green  
**Subject:** Education Funding

Dear Senator Green,

I am writing to ask that you increase funding for public education. I have volunteered in my son's and daughter's classrooms for many years. Over that time I have observed ever increasing class sizes with limited assistance or support to teachers, while expectations for teacher performance and workload has only increased.

There is much that is good and positive in our public schools, but there are also problems. I have two children currently at Juneau Douglas High School; one that studies hard and manages to cruise through the system quite easily, even though she doesn't feel particularly challenged, while the other struggles daily to survive in the classroom because he is not a typical learner. Because of the large class sizes and teachers being spread too thin, my son does not receive the attention that he needs and deserves to be successful, and I feel that neither of my children, for very different reasons, are learning to appreciate or find joy in the learning process. My son has commented on several occasions that he "feels guilty" asking for help because of all that the teachers already have to do.

I want my son and daughter to receive the help they need, when they need it, and to be challenged. To make this possible, we need smaller class sizes.

\$5120 allows for modest improvements in Alaska's public schools. \$4919 requires cuts to most schools in this state and will continue to reduce the quality of instruction available to students.

Please increase the BSA to \$5120.

Sincerely,  
Mary Pat Schilly

Traci C. Carpenter

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From: Michelle Locks [michellelocks@yahoo.com]

Sent: Friday, March 04, 2005 10:21 AM

To: Sen. Gary Wilken; Sen. Lyda Green; Sen. Con Bunde; Sen. Fred Dyson; Sen. Bert Stedman; Sen. Lyman Hoffman; Sen. Donny Olson; Sen. John Cowdery; Sen. Bettye Davis; Sen. Johnny Ellis; Sen. Hollis French; Sen. Gretchen Guess; Sen. Charlie Huggins; Sen. Albert Kookesh; Sen. Ralph Seekins; Sen. Ben Stevens; Sen. Gary Stevens; Sen. Gene Therriault; Sen. Tom Wagoner

Subject: Funding for our Schools

Dear Senator,

I am writing to ask that you increase funding for public education. I have volunteered at my son and daughter's school for 2 years. Over that time I have observed the lack of educational materials (TEXT BOOKS!!), lack of teacher student ratio (too many children in classes), and too many parents and other locals having to donate money and items for our children's education.

There is much that is good and positive in our public schools, but there are also problems. Again, lack of text books. That is a big one for me. I myself struggled in school and so does my oldest daughter. With out the use of a text book to refer to, I have no idea how I would have graduated high school. I used those text books to my full advantage. They were my "bible". I am truly disappointed that my daughter, now in the 4th grade, has never had one text book to bring home. And I find that I have to learn the "new" math that is being taught in order to help my child. Class size is also an issue. There is not enough of the teacher to go around. She/He can not meet every child's needs when class size is so large. I also find that many parents, businesses, and locals are stepping up to the plate to help fund the items needed. This is not our job.

I want my son and daughters to receive the help they need, when they need it, and to be challenged. To make this possible, we need smaller class sizes.

\$5120 allows for modest improvements in Alaska's public schools. \$4919 requires cuts to most schools in this state and will continue to reduce the quality of instruction available to students.

Please increase the BSA to \$5120.

Sincerely,

Michelle Locks

Mother, Business Woman, and Volunteer of two children attending Riverbend School.

(907)789-0459

Smile.....It makes people wonder what you're up to! 😊

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Celebrate Yahoo!'s 10th Birthday!  
Yahoo! Netropective: 100 Moments of the Web

Traci C. Carpenter

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From: Lynn Spence [lspence@jaybrant.com]  
Sent: Friday, March 04, 2005 9:06 AM  
To: Sen. Lyda Green  
Subject: EDUCATION FUNDING

Dear Senator,

I am a parent and a voter asking you to increase funding for education. As a parent I see teachers struggling to maintain a high quality of teaching while their class size increases to unmanageable levels. I say unmanageable levels because we ask a lot of our teachers today that we did not ask in decades past. We main stream, we have major disciple and respect issues, we have family problems and lack of family interest problems that enter our classrooms. Teachers today are not only educators, they are social workers. In my experience, teachers have addressed the educational and social issues that come with each group of kids but they cannot do the job we are asking of them if we do not recognize that schools are under funded and class size needs to be reduced.

Adding teachers costs a lot and as a voter I want you to know that I am willing to pay. I work full time and encourage you to consider an income tax to pay for education in the future, and for now, I encourage to use the money we have to fund education at an increased level. I do not feel the \$5120 level is high enough but I realize it is hard for you to take a stand above this level. It is my hope that one day the legislature will make a bold move to take care of our kids and our society without thought for reelection.

Please give increased education funding your careful consideration.

Sincerely,

Lynn Spence