

HOUSE FINANCE COMMITTEE
April 19, 2001
1:48 P.M.

TAPE HFC 01 - 87, Side A
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CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:48 P.M.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

None

ALSO PRESENT

Representative Gretchen Guess; Senator Lyda Green; Hans Neidig, Staff, Senator Lyda Green; Heather Nobrega, Staff, Representative Norman Rokeberg; Dean Guaneli, Chief Assistant Attorney General, Department of Law; Darwin Peterson, Staff, Senator John Torgerson; Rita Davis, Special Education, NEA-Alaska, Palmer; Karla Griswold, Teacher, NEA-Alaska, Anchorage; Dean Guaneli, Chief Assistant Attorney General, Criminal Division, Department of Law; Angela Salerno, Division of Public Assistance, Department of Health and Social Services; Lucy Hope, NEA-Alaska, Wasilla; Dr. Bruce Johnson, Deputy Commissioner, Department of Education and Early Development; Rod McCoy, NEA-Alaska, Old Harbor, Anchorage.

PRESENT VIA TELECONFERENCE

Linda Kesterson, Department of Law, Anchorage; Doug Griffin, Director, Alcohol Beverage Control Board, Anchorage; Karen Dempster, Superintendent of Yukon Koyukuk School District; Louise Parrish, Valdez; Dr. Ed McLean, Kenai; Jim Nordlund,

Director, Division of Public Assistance, Department of Health & Social Services, Anchorage; Jim Stouffer, Division of Oil and Gas, Department of Natural Resources, Anchorage; Barbara Lefler, PERC, Anchorage; Millie Ryan, Executive Director, Governor's Council Disabilities and Special Education, Anchorage; Jennifer Jones, Governor's Council Disabilities and Special Education, Anchorage; Jean Bugg, Anchorage; Tim Weiss, Parent Incorporated, Anchorage.

SUMMARY

HB 132 An Act relating to the possession or distribution of alcohol in a local option area; requiring liquor license applicants to submit fingerprints for the purpose of conducting a criminal history background check, and relating to the use of criminal justice information by the Alcoholic Beverage Control Board; providing for a review of alcohol server education courses by the Alcoholic Beverage Control Board every two years; and providing for an effective date.

CS HB 132 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal notes by Department of Revenue dated 3/26/01, Department of Law dated 3/26/01, Department of Corrections dated 3/26/01, Department of Administration dated 3/26/01 and the Alaska Court System dated 4/03/01.

HB 142 An Act relating to the Alaska temporary assistance program; and providing for an effective date.

CS HB 142 (HES) was reported out of Committee with a "do pass" recommendation and with a fiscal note by Department of Health & Social Services dated 2/23/01.

SB 77 An Act repealing the exception that applies to collection and payment of interest of \$150 or less on royalty or net profit share underpayments and overpayments; and providing for an effective date.

SB 77 was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by Department of Natural Resources dated 2/22/01.

SB 133 An Act relating to a two-year transition for implementation of the public high school competency examination and to establishing an essential skills examination as a high school graduation requirement; and providing for an effective date.

SB 133 was HELD in Committee for further consideration.

HCR 14 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 133, relating to high school competency testing.

HCR was HELD in Committee for further consideration.

#HCR#14

#SB133

HOUSE CONCURRENT RESOLUTION NO. 14

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 133, relating to high school competency testing.

SENATE BILL NO. 133

An Act relating to a two-year transition for implementation of the public high school competency examination and to establishing an essential skills examination as a high school graduation requirement; and providing for an effective date.

SENATOR LYDA GREEN testified that HCS for CSSB 133 (HES) Version "T" is a combination of the Senate-passed version of SB 133 and the Education Committee's HB 94. The bill maintains accountability for the State Performance Standards. It also addresses the public's concerns about opportunity to learn, children with disabilities, and students who transfer into an Alaskan high school from another state. She noted the work, which had gone into the effort, was intended to make the High School Competency Test fair to all students and make it legally defensible.

The bill includes the following provisions:

- Delays the effective date of the High School Competency Test until February 1, 2004;
- Legislature's commitment to improving education through the State Performance Standards and intent that the High School Competency Test would be part of an evolving process;
- Students must demonstrate mastery of the State Performance Standards in reading, English and math

in order to receive a diploma, or have passed a competency test in another state;

- A waiver could be granted to students who transfer to an Alaskan high school or who has rare or unusual circumstances and who has satisfied the state performance standards to the maximum extent possible;
- If a student cannot demonstrate mastery of the standards, he/she would receive a Certificate of Achievement, which would note which portions of the test the student had passed, his/her attendance record, and any other qualifications the district felt were appropriate;
- Special education students may demonstrate mastery by a combination of passing the test without accommodations, with accommodations, or through a portfolio;
- A requirement that the Department of Education would provide the Legislature with an annual report showing indicators of the progress that schools are making toward high student achievement;
- Rewards students, between 2002 and 2004, for passing the High School Competency Test;
- Asks the Department to make recommendations to the Legislature regarding an appeals process and portfolios; and
- Asks the Department to report to the Legislature on the proposed criteria and procedures for waivers.

Representative Harris asked about the changes made to the House HESS version of the bill. Senator Lyda stated that she preferred the "simplicity" of the Senate version. She stressed that it is important that the high standard be maintained.

Representative Croft asked the difference between accommodation, modification and waiver. Senator Green recalled that the waiver language would refer to someone who is not currently included. Under federal law, a student can qualify through various ways in order to be classified as a student with special needs to make their education comparable to the other students. She explained how an accommodation or modification could be made for certain circumstances. She commented that the intelligence or the manner in how the student reaches the result should not be the focus. Senator Green deferred to Dr. Bruce Johnson for a more thorough definition of the terms.

Representative Hudson voiced appreciation for the hard work that had been undertaken for the betterment of the young people in Alaska. He questioned if there was one area in the House committee substitute, which needed to be modified.

Senator Green voiced her concern with the minimum competency record and the portfolio referenced on Page 3, Line 19-20. Vice-Chair Bunde interjected that language referred to the State Board of Education and the option of providing a report back. Senator Green added that the language addressing the State performance standards was of concern. The performance standards for math are not in the best interest of the student.

Representative Hudson pointed out the difference on Page 3, Line 30, and the certificate of achievement. The Senate version contains no certificate of achievement area. Representative Hudson asked why it had not been included.

Senator Green explained that the current exam is being rewritten. Using the essential skills subset as the goal versus the larger rack of information to test over, the test is being brought to a standard that most students should do well on. She believed that all of the individual needs of students were being addressed. If the State has a small number of students who do not pass the test, she would not be concerned, as that child could repeat the year in order to pass the test. She stressed that it is the goal that the student meets the established standard.

Representative Hudson reiterated that he was looking for the area of disagreement. He noted the inclusion of diploma or certificate of achievement, suggesting that a policy issue is the "difference". Senator Green was not sure how essential the certificate of achievement would be.

Representative Davies asked if there were issues regarding the standards of treating special education students differently, by allowing them the same opportunities and success. Senator Green explained that each student deserves a diploma. Those that are severely developmentally disabled would take a different test. Some students will need the accommodations. In the Senate version, those students would be able to do that. In the discussion regarding the waiver language, it is the role of the Department of Education & Early Development and the State School Board to develop the language.

Representative Croft referenced Page 3, indicating that the student either pass the test or has a portfolio of work for a certificate of achievement. He recommended having a test or having an alternative way that the student can achieve an appropriate level. He stated that would provide everyone

the opportunity to "get there". Once that is accomplished, they would receive their diploma. As the bill currently stands, there would be only one standard, the test. He emphasized that something else was needed because there are going to be a lot of special need kids that will not meet the standard of that test. Representative Croft stressed the need for an alternative route for those kids.

Vice-Chair Bunde pointed out that 40%-50% of the current Individual Education Program (IEP) students do not get diplomas at this time. Under the current standard, that number is lax for graduation and that about 10% of all high school seniors do not get diplomas under the current system. He recommended that defining a diploma should be discussed.

Senator Green advised that referencing the portfolio refers to a child with a disability. She pointed out that the Senate version contains present statute language on how to implement that test.

LUCY HOPE, SPECIAL EDUCATION, NATIONAL EDUCATION ASSOCIATION (NEA)-ALASKA, WASILLA, voiced support for SB 133. She pointed out concerns indicated on Page 3 and the portfolio language addressing special needs children. She stated that the proposed language would not be the best way to determine special needs student proficiency. She asked who would score the portfolios. Ms. Hope commented that the language of the Senate version more clearly acknowledges the concerns of the special need students and that language is already in place and defined. She urged substituting the language for the IEP accommodations and modifications and using the Senate version of the bill.

Representative Croft asked good examples of modification and accommodations. Ms. Hope noted that an "accommodation" would allow the student to take the same test. Ms. Hope explained that an accommodation is something that would not give the student an unfair advantage versus a modification that would give the student an advantage such as using a calculator. The accommodations and modifications are determined by the IEP of the student. Braille for a blind student would be an accommodation, but reading to a blind person would be a modification because someone else could benefit from having it read. She noted that reading a reading test would be totally disallowed; the seriously dyslexic student would be disallowed from getting the diploma in that case.

Representative Whitaker clarified that the IEP team would determine the criteria for a special needs student earning a diploma. Ms. Hope acknowledged that was correct.

Vice-Chair Bunde clarified that the IEP team consists of the parents, teacher and a representative from the school

district. Vice-Chair Bunde referred to the Senate version, which would provide for as many competency tests as IEP teams. He believed that different teams would have different standards. Ms. Hope replied that it would depend on the student's proficiency.

Representative Davies asked how many students have difficulties in passing the tests. Ms. Hope replied that there are many reasons that a modification could be recommended. She did not know the percentage, but noted that it would usually be for students with specific learning disabilities.

Representative Davies questioned the drawback to having all students using a calculator. Ms. Hope replied that it would depend on what was being tested. The ability to think through a process is being tested, not the knowledge of those facts being reviewed.

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RITA DAVIS, SPECIAL EDUCATION TEACHER, NEA-ALASKA, PALMER, noted that she had worked with teens providing IEP goals to set the standard and developing class schedules to meet the graduation requirements with the alternate of a diploma. She reviewed a situation with a special needs student, who had been one of her students and had disabilities and then how the accommodations and modifications helped that student complete her high school graduation. She urged passage of SB 133.

Representative Davies agreed with the comment that the State does not have to "water down the standards" being an important portion of the bill. He understood that the students would be "moving" toward the same standards, using different routes. Ms. Davis explained that the goals are matched according to the student's disability. Every IEP looks different.

Vice-Chair Bunde pointed out that the University of Alaska system does not require a high school diploma. Ms. Davis replied that when students are labeled with a learning disability, it is difficult to predict what makes that student "vulnerable". She spoke to the effort each student must make in order to succeed.

Representative Croft commented that there is an unspoken worry that IEP's don't expect enough of the students or that IEP's are sometimes used for students that do not really have a disability but instead want some type of modification. He inquired if IEP's were being abused. Ms. Davis replied that there are stringent guidelines regarding

disabilities established by the federal and State government. The assessment evaluation is a well-established system. The IEP is a part of that standard and it is a way to give information to identify the student's ability. She emphasized that programs are designed to meet graduation standards.

Vice-Chair Bunde pointed out that a parent must "sign off" on the IEP. Ms. Davis responded that it is a team decision and at the high school level, the students are involved in the decision. She commented that the standard would not be lowered if the parent thinks it is too tough.

ROD MCCOY, SPECIAL EDUCATION TEACHER, NEA-ALASKA, ANCHORAGE, addressed his experience as a teacher of special education students in Anchorage. He emphasized that he supported the Senate version of the legislation. He addressed how painful it is to expect more than the student's individual ability. Mr. McCoy pointed out that it is important to respect the individual differences between students.

Vice-Chair Bunde interjected that it is "criminal" to damn a child to low expectations. Mr. McCoy agreed. Vice-Chair Bunde voiced his concern that the standard continues to decline. He pointed out that currently, high school students are functioning at a junior high level. Mr. McCoy interjected that the national level is that of a 5th grader.

KARLA GRISWOLD, TEACHER, NEA-ALASKA, ANCHORAGE, voiced support of the Senate version of the bill. She commented on the exceptional standards that currently exist in the State. Ms. Griswold voiced concerns regarding the portfolio. There are some things that are not essential skills which are being required of the students. She suggested that some students do need "extra tools". The State should stick with the standards and have high expectations of the students. She added that on the whole, the special education students are hard workers.

TIM WEISS, (TESTIFIED VIA TELECONFERENCE), PARENT INCORPORATED, ANCHORAGE, commented that Parent Inc., is a group of parents of children needing special education services. These parents want to insure that no matter how severe their child's disability is, they are able to get a diploma.

Mr. Weiss noted that the bill provides for several concerns which are necessary for students with disabilities:

- Recognizing that after taking the test, the IEP team may determine that re-testing is inappropriate; and

- Explicitly outlining the methods by which students with disabilities can receive a diploma.

Mr. Weiss worried about the fact that an EIP team could not request a waiver in unusual circumstances. The Department of Education & Early Development has currently determined that their "alternate examination" through portfolio work can only be for the lowest functioning 2% of students with disabilities.

LOUISE PARRISH, (TESTIFIED VIA TELECONFERENCE), VALDEZ, voiced support for the legislation and concern that legislators have not had experience with disabled children. The majority of those kids in Alaska fall under the category of specific learning disability. She addressed concerns with dyslexia and specific learning disabilities (SLD). Ms. Parrish commented that all struggling kids could benefit from a system of K-2 screening, diversion and intervention using proven methods of reading instruction. She stressed that all children can learn if schools decide to make reform a priority.

DR. ED MCLEAN, (TESTIFIED VIA TELECONFERENCE), KENAI, stated schools are expected to teach a full array of skills to children and to decide what is essential. Out of that full set, the schools are attempting to identify which skills and concepts are essential. All students cannot be required to cover the entire broad range. The question revolves around what level is enough.

Dr. McLean discussed essential skills. He suggested that if the use of a modification is allowed, it should be allowed during the assessment. Dr. McLean referenced Page 5 of reports, which would be provided. He stated if the districts were required to report the number of kids with waivers and the number that graduate with the exam, the district could add an additional report indicating the number of students that graduate with the use of modifications. He pointed out that federal save-guards already are in place and would not need to be modified.

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Dr. McLean voiced his appreciation of all the work that had been done through the legislation.

Vice-Chair Bunde inquired if the current test standards met the definition of "essential skills". Dr. McLean replied that his district did define the essential skills. It is being developed and the district is determining how the passing skills are measured in determining foundation or

essential skills. Dr. McLean explained that the important piece is not only the level but also the focus of the test.

Vice-Chair Bunde thought that the modifications could change the test and raise a red flag. Dr. McLean replied that there are federal regulations, which outlines the requirements that IEP must follow in terms of eligibility. He stated if there was a district with a high number of IEP students, that the district office would initiate an inquiry.

Representative Hudson asked about the Kenai certified diploma. He inquired how the State could guarantee that the money being spent for education was producing students that can meet the necessary minimum standards. Dr. McLean replied that setting the standards, the Borough begins with a yearlong process of monthly meetings held to establish indicators of a successful policy. Then those ideas are accessed and the criteria reference is considered.

Representative Lancaster asked which version of the legislation was preferred. Dr. McLean responded that he preferred the Senate version as it provides for accountability and that a variety of the details would be addressed through the public process. He commented that cost is critical for modifications.

KAREN DEMPSTER, (TESTIFIED VIA TELECONFERENCE), SUPERINTENDENT OF YUKON KOYUKUK SCHOOL DISTRICT, commented that she had been a special needs student, who continued on to law school. She noted that she could not finish the general education diploma (GED) exit exam. She commented that the debate now revolves around two situations, special need students and those students that only have a specific limitation. Ms. Dempster spoke to the objective criteria currently being used. After the student meets the testing qualifications, then they must meet the standards.

Ms. Dempster added that it is important to look at what criteria are being used to determine whether a student is handicapped or not. She addressed concerns with the portfolio work and testing for the IEP student. Currently, there is a standard in place that allows seeing which student has a handicap. That standard is rigorous. Ms. Dempster recommended going with the version of the bill that allows for the identification of the handicap and for the modification to accomplish the testing. She urged that consideration be made on how to handle this concern. She noted that employers often do look at the other criteria. She applauded Vice-Chair Bunde with the inclusion of the high school education standards to help raise the awareness of why education is important. The accommodation should not be a lessening of the standard.

Vice-Chair Bunde noted that both versions of the bill provide for accommodations and that the divergence begins with the modifications.

BARBARA LEFLER, (TESTIFIED VIA TELECONFERENCE), PARENTS FOR EFFECTIVE READING CURRICULUM (PERC), ANCHORAGE, testified to experiences with her child who has a learning disability. She commented that a curriculum was formed to address his needs. She stressed that children with learning disabilities can succeed if there is a curriculum for their conditions. Ms. Lefler stressed that parents are becoming worn down in fighting for their child. She urged that the IEP diploma language be removed.

Representative Hudson asked about the "weight" referenced on Page 3 with regard to the certificate of achievement. Ms. Lefler responded that a certificate of achievement is a "back door" to allow the IEP team to let them off the hook. She stressed that a certificate of achievement does not carry as much weight as a diploma.

Vice-Chair Bunde commented that the certificate of achievement applied to all students not just the IEP.

MILLIE RYAN, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION, ANCHORAGE, stated that the Council does support high standards for all students and that expectations need to be higher. The performance standards offer an opportunity for schools to accommodate for the students and their learning style. Ms. Ryan added that it is important to provide a variety of ways to provide for students to demonstrate what they have learned. The Council recommends adding language that allows for the participation in the alternative learning assessment outlined in their IEP that results in a diploma if they do not pass the exit exam three times. She recommended that the alternative assessment be in line with the performance standard.

Vice-Chair Bunde stated that an assessment would be a modification of the test.

JENNIFER JONES, (TESTIFIED VIA TELECONFERENCE), GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION, ANCHORAGE, addressed her own physical disability. The ability to pass the test with modifications currently exists. A certificate of achievement does not carry the same weight as a diploma and limits the student's ability to succeed in the future. Students fear that they are not going to be able to move forward. Ms. Jones recommended adding language for the alternative assessment to be in line with the performance standard.

JEAN BUGG, (TESTIFIED VIA TELECONFERENCE), EDUCATOR, ANCHORAGE, commented on the certificate of achievement amounting to a diploma with a "disclaimer". She stressed that document would not qualify the student for a "real" job. Ms. Bugg stated that the Alaska education system needs better teaching skills to assure the best methods to reach disabled students.

Co-Chair Williams stated that SB 133 would be HELD in Committee for further consideration.

#HB132

HOUSE BILL NO. 132

An Act relating to the possession or distribution of alcohol in a local option area; requiring liquor license applicants to submit fingerprints for the purpose of conducting a criminal history background check, and relating to the use of criminal justice information by the Alcoholic Beverage Control Board; providing for a review of alcohol server education courses by the Alcoholic Beverage Control Board every two years; and providing for an effective date.

HEATHER NOBREGA, STAFF, REPRESENTATIVE NORMAN ROKEBERG, noted that the House Judiciary Committee has been requested to introduce HB 132 to address some problems in the area of bootlegging alcohol, and the issuance of liquor licenses to persons with criminal records outside the State of Alaska. Bootlegging is a prevalent problem in "dry" areas, and is a large contributor to crime in those areas. By requiring applicants for liquor licenses to give their fingerprints, the State could thoroughly investigate the criminal backgrounds so that only responsible individuals might obtain a liquor license. She urged the Committee's support of the legislation.

Vice-Chair Bunde asked if the sponsor had a position on the proposed amendment. Ms. Nobrega noted that Representative Rokeberg supported the amendment, however, voiced concern with the potential fiscal impact. He recommended that the House Finance Committee work out the funding concerns.

Representative Croft asked where in the bill "six" would be replaced with "12". Ms. Nobrego replied that change would be made in Section 2 and 6.

Vice-Chair Bunde questioned if the legislation would make bootlegging more lucrative. Ms. Nobrega replied that was not the intent of the legislation. The intent is to make it more difficult to get the alcohol.

DEAN GUANELI, CHIEF ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF LAW, spoke in support of the

legislation. He emphasized the problem that alcohol causes in Alaska. There are provisions in current law that establishes presumptions on the amounts of alcohol. He added that the Criminal Justice Assessment Commission has worked to look at a variety of aspects regarding crime in Alaska and that alcohol is one of the primary concerns. There is a problem with current law as it applies to the attempt to send liquor into dry areas. The problem arises when people attempt to mail or ship alcohol. When they do that and are successful and over a certain amount, it then becomes a Class C felony. If they do not succeed, it is treated as an attempt, which in Alaskan law is handled as a lesser crime. The level of culpability is the same.

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Mr. Guaneli added that multiple shipments from multiple stores have been used to circumvent the law. The only effective way to deal with that, is to create a "delivery site", an area that all alcohol shipped into a dry area has to be delivered to a central location. Barrow bans the sale of alcohol but allows its importation and operates one of the delivery sites. Mr. Guaneli acknowledged that the price is driven up by that practice, and emphasized that less is getting into the community. The amendment would allow the State to step-in and assume that function.

Representative Croft inquired the fiscal impact resulting from the amendment.

Mr. Guaneli responded that the Department of Public Safety received a substantial appropriation from the federal government to combat bootlegging alcohol. As a result of that appropriation, the Administration discussed effective ways to deal with the concern. There is sufficient money within that appropriation so that the program could be operated at least for the first fiscal year without any money coming from the general fund.

Vice-Chair Bunde asked the administrative costs to the program in Barrow. Mr. Guaneli replied that the program is operated under a contract and did not know the exact dollar amount. The administrative fees cover the costs.

Representative Hudson questioned if the concern was principally a rural issue. Mr. Guaneli affirmed it was and noted that it actually applies only to the areas that have banned sales but still allow importation, a couple primary places, Bethel and Kotzebue. They are the hubs for the smaller villages.

Representative Hudson questioned the intent. Mr. Guaneli noted that the aim is not to reduce the social use of alcohol. The intent is to address those people that are selling alcohol for a profit through multiple package stores. Profits are enormous and seriously drive that industry.

Co-Chair Mulder asked if it were the goal to limit the illegal distribution, and how would the success of the program be evaluated. Mr. Guaneli responded that success would not be measured by the reduction in alcohol. The success would be measured in the reduction in the need for social services and a reduction in crime. He affirmed that there is not a baseline for the reduction of alcohol. He added that the price of alcohol would be a measure.

Mr. Guaneli emphasized the difficulty creating a perfect system. The intent is to limit persons to the amount that they can statutorily receive in any month. There will always be situations in which people try to circumvent the law.

Co-Chair Mulder referenced the amendment and asked why the Committee should consider adopting it as Bethel already has it in place. Mr. Guaneli advised that it is already allowed, but is not being done in certain locations throughout the State. Given the amount of money that the State spends in that area, there is a strong need to limit the flow. It will not hurt to grant authority to the State. He reiterated that this funding was available from another source this year.

Co-Chair Mulder asked if it would be better to put a sunset on the legislation. Mr. Guaneli replied that a study would be a legitimate expenditure.

Co-Chair Mulder commented that measuring the success of such a program would be nebulous. He reiterated applying a sunset to justify that the program has been successful. Mr. Guaneli agreed that following a period of time, if the State does not show some success, then perhaps the effort should be abandoned.

Representative Harris commented that there was an election in Barrow that turned down the funding for the project. He agreed that a sunset should be applied.

Vice-Chair Bunde endorsed the sunset. He noted that he was preparing an amendment to the amendment proposing a 50% local match. He hoped it would encourage a local buy-in.

DOUGLAS GRIFFIN, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, ALCOHOLIC CONTROL BOARD (ABC), ANCHORAGE, stated that language is needed by the Legislature to provide for a

statewide check. Mr. Griffin identified Section 3 of the bill, which speaks to the criminal background check. There needs to be specific information that allows the ABC Board to access the Federal Bureau of Investigation (FBI) data bank to provide a nationwide background data check. Currently, ABC can only access criminal convictions within the State of Alaska. He stressed that the addition of that language would provide for a cost savings to the State. Mr. Griffin pointed out that everything is run through the Department of Public Safety. The State would benefit from a more complete background check.

Representative Croft MOVED to ADOPT Amendment #1 with the conceptual addition of a 3-year sunset and a provision that if any general fund was required, a 50% local match would be required. [Copy on File]. Representative Harris OBJECTED for the purpose of discussion.

Representative Harris asked if the federal money could be encumbered during the process. Mr. Guaneli believed that the \$1.4 million federal dollars was available. A portion of that money has been earmarked for a certain number of troopers and prosecutors. He added that there is another source of federal money re-occurring every year for drug and alcohol concerns. Mr. Guaneli was confident that federal funding would be available for at least the first year. Until contracts and regulations are available, it will be difficult to know what the amount is. He added that the fees need to be assessed.

Representative Harris asked if the Administration was confident that within the next three years, no general funds would need to be used to maintain the program. Mr. Guaneli reiterated that he could not guarantee that no federal funds would be required for the entire length of the program. Representative Harris asked if the sunset should be one year. Mr. Guaneli replied that a one-year sunset would be too short, as it will take time to write the contracts and regulations. Three years would be an appropriate length of time.

Representative Harris WITHDREW his OBJECTION.

Co-Chair Williams advised that the drafter recommended that a Letter of Intent should accommodate the bill.

Representative Hudson recommended making a separate adoption of the Letter of Intent.

Representative Croft redefined Amendment #1, adding to it the three year sunset date.

There being NO OBJECTION, Amendment #1 was adopted.

Representative Hudson MOVED to ADOPT the Letter of Intent stating that:

"It is the intent of the Legislature that any general fund money that goes into the operation of this program must have a 50% local match".

Co-Chair Williams OBJECTED for a question.

Vice-Chair Bunde pointed out that Michael Ford, Legal Drafter, had submitted the intent language.

Co-Chair Williams WITHDREW his OBJECTIN.

Representative Hudson MOVED to report CS HB 132 (FIN) out of Committee with individual recommendations, the Letter of Intent and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 132 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal notes by Department of Revenue dated 3/26/01, Department of Law dated 3/26/01, Department of Corrections dated 3/26/01, Department of Administration dated 3/26/01 and the Alaska Court System dated 4/03/01.

#HB142

HOUSE BILL NO. 142

An Act relating to the Alaska temporary assistance program; and providing for an effective date.

ANGELA SALERNO, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, stated that Jim Nordlund was on line and ready to testify.

JIM NORDLUND, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, ANCHORAGE, commented that five years ago, the Administration worked with the Legislature to create a new welfare law for Alaska. The Aid to Families with Dependent Children and Job Opportunity and Basic Skills programs created the Alaska Temporary Assistance Program (ATAP). He advised that changes were needed with that program as it was initially established.

Mr. Nordlund stated that HB 142 would repeal the percentage limit on the number of families that may continue on receive assistance for more than 60 months due to hardship. Removal of that limit would permit the Department of Health and Social Services to base its hardship exceptions on objective criteria rather than on a fixed percentage of overall caseload. As families are successful in finding work and

the overall caseload decreases, the number of hardship cases makes up a greater percentage of the total.

Mr. Nordlund noted that Alaska established an extremely aggressive goal, compared to other states, capping hardship cases at a specific percentage of the total. Other states either avoided time limits completely or set a broader range of exemptions to the limits. The fixed percentage in law artificially bars needy families with disabled adults from receiving essential cash assistance and services for the children. The first families will begin to exceed the 60-month lifetime limit in July 2002.

Mr. Nordlund added that the bill would address the seasonal provisions for a two parent needy family by removing outdated eligibility requirements as cited in Superior Court ruling. The change permits the Department to apply the seasonal reduction provision to all two-parent needy families in which both parents are physically and mentally able to work.

The legislation will require disabled parents to have self-sufficiency plans. The State can better serve these parents by promoting their efforts toward self-sufficiency.

Representative Hudson MOVED to report CS HB 142 (HES) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 142 (HES) was reported out of Committee with a "do pass" recommendation and with a fiscal note by Department of Health & Social Services dated 2/23/01.

#SB77

SENATE BILL NO. 77

An Act repealing the exception that applies to collection and payment of interest of \$150 or less on royalty or net profit share underpayments and overpayments; and providing for an effective date.

DARWIN PETERSON, STAFF, SENATOR JOHN TORGERSON, noted in 1998, the Legislature enacted AS 38.05.135(g), exempting the Department of Natural Resources from calculating interest on small over to underpayments of royalty if the interest was \$150 or less. The cost of calculating the small over/underpayments was more than the interest received or credit applied. Prior to 1998, Department of Natural Resources was calculating the small processed 1,716 royalty filings where interest amounts were between a negative \$150 and a positive \$150. The net amount of the under/overpayments was a positive \$4,096.

Mr. Peterson stated that the effort of calculating, processing and tracking interest for small payments was not cost effective for the oil companies or the State. With the advent of the State's new Oil and Gas Royalty Accounting System, all interest is calculated electronically. Most royalty payers are using mainframe computer systems and sending their royalty reports electronically. The failure to repeal AS 38.05.135(g) would require the Department and royalty payers to reprogram their computer systems to not compute payments of less than \$150 dollars.

Mr. Peterson added that the repeal of the statute would solve the problem of the administrative burden on the part of the royalty payers and the State to manually track very small amounts of interest.

Vice-Chair Bunde MOVED to report SB 77 out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 77 was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by Department of Natural Resources dated 2/22/01.

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ADJOURNMENT

The meeting was adjourned at 4:55 P.M.