

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**March 01, 2002**  
**9:13 AM**

**TAPES**

SFC-02 # 23, Side A  
SFC 02 # 23, Side B

**CALL TO ORDER**

Co-Chair Pete Kelly convened the meeting at approximately 9:13 AM.

**PRESENT**

Senator Dave Donley, Co-Chair  
Senator Pete Kelly, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Lyda Green  
Senator Alan Austerman  
Senator Donny Olson  
Senator Lyman Hoffman

**Also Attending:** SENATOR BEN STEVENS; ALISON ELGEE, Department of Administration; ELMER LINDSTROM, Deputy Commissioner, Department of Health and Social Services; PAUL GROSSI, Director, Workers Compensation Division, Department of Labor and Workforce Development

**Attending via Teleconference:** From Anchorage: LIEUTENANT JULIA GRIMES, Alaska State Troopers, Department of Public Safety

**SUMMARY INFORMATION**

SB 222-REQUIRE SLOW DRIVERS TO PULL OVER

The Committee adopted a committee substitute and moved the bill out of Committee.

SB 266-FISHERY ENHANCEMENT LOANS

The Committee heard public testimony, and reported the bill from Committee.

SB 182-PRO RATA REDUCTIONS IN BENEFIT PROGRAMS

The Committee heard public testimony, adopted a committee substitute as a working draft and held the bill in Committee.

#SB222

CS FOR SENATE BILL NO. 222(TRA)

"An Act relating to certain motor vehicles that are required to yield to following traffic."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Donley stated the intent of this legislation is to encourage slow traffic to comply with existing state regulations requiring any vehicle traveling below the speed limit to safely pull off the road, where feasible, when followed by five or more vehicles. He informed the Committee that the Department of Transportation and Public Facilities "has agreed to put up more signage" near the Canadian border and other "critical places...to inform the public about this legislation." He communicated there is an accompanying fiscal note for \$30,000 to cover the costs of proposed road signage.

Co-Chair Donley informed the Committee this legislation would also increase the fine levels for the offense, and add two points to the offending driver's license record.

Co-Chair Donley noted that the Senate Transportation Committee Substitute of this bill removed language from the original bill that specified where signage would be placed.

Co-Chair Donley noted the Alaska State Troopers "exercise a lot of discretion" when determining "when it is appropriate" to enforce the regulation as bad weather and poor road conditions could slow drivers down; however, the legislation "would beef up" the requirement "to pull over."

Senator Green asked what size the proposed accompanying signage would be.

Co-Chair Donley stated there are specific regulations regarding highway signage.

Senator Green inquired if the signage could be considered as billboards.

Co-Chair Donley responded they would not.

Co-Chair Donley voiced appreciation for the Department of Transportation and Public Facilities efforts in formulizing this legislation, and stressed the importance of signage in educating drivers, and of having "significant" penalties as a deterrent to violating this statute.

Co-Chair Kelly cited his experience of watching frustrated drivers taking risks to pass slower moving vehicles. He stated this legislation could help address the cause of the frustration; thereby lowering the danger presented by the risk takers.

Senator Green stated this legislation might be expanded to accommodate other highway signage.

LIEUTENANT JULIA GRIMES, Alaska State Troopers, testified via teleconference from Anchorage to communicate that the proposed committee substitute addresses the department's concerns. She stressed that Alaska's roads are frustrating as there is limited opportunity for people to safely pull off the road to allow for others to pass. She stated the proposed signage would serve as a reminder to drivers.

Senator Ward made a motion to move SB 222 (FIN) 22-LS0611\L out of Committee with accompanying Department of Transportation and Public Facilities fiscal note of \$30,000.

There were no objections, and the bill MOVED from Committee.

At ease 9:26 AM / 9:27 AM

#SB266

CS FOR SENATE BILL NO. 266(RES)

"An Act authorizing the commissioner of community and economic development to refinance and extend the term of a fishery enhancement loan."

This was the first hearing for this bill in the Senate Finance Committee.

SENATOR BEN STEVENS, sponsor of the bill, informed the Committee this bill would provide the Commissioner of Department of Community

and Economic Development the ability to refinance loans made by the Fisheries Enhancement Revolving Loan Fund, and "extend the term of a loan when justified." He continued that the Department would be required "to submit an annual report to the Legislature summarizing the commissioner's decisions during the prior calendar year to approve or deny requests to extend loans."

Senator Stevens stressed, "there is no forgiveness of principle or interest allowed under this legislation, and all payments are made directly to the loan fund."

DAVE COBB, Business Manager for the Valdez Fisheries Development Association (VFDA) testified via teleconference from Valdez, voicing strong support for this bill; however, he expressed this is "just one of many changes that must be made in Alaska if the commercial fishing industry is to survive." He commented that the hatchery program in Alaska has been successful, and that every opportunity to make hatcheries more efficient and more economical makes "good business sense." He warned that the "competitive playing field" for Alaska fisheries has changed dramatically, and all industries must adapt to survive in the "competitive global market." He reiterated "this bill makes good business sense and will have no impact on general fund dollars."

SUE ASPLUND, Executive Director, Cordova District Fishermen's United (CDFU), testified via teleconference from Cordova, and detailed the positive economic impact hatcheries have in the Prince William Sound area. She stressed that this bill would result in the immediate ability of Hatcheries to produce more fish, which "means more fish into the nets of commercial fishermen as well as sport fishermen." She asked the Committee for their support of this bill.

GREG WINEGAR, Director, Division of Investments, Department of Community and Economic Development, stated this bill would provide aquaculture associations an opportunity to refinance existing loans to take advantage of lower interest rates. He stated it is important to note this legislation would not "adversely impact" the integrity of the Fisheries Enhancement Revolving Loan Fund, would improve hatcheries financial picture, and would have no negative impact on the Department.

JON CARTER, Director, Douglas Island Pink and Chum Hatchery (DIPAC) testified in support of this bill. He cited the positive impacts hatcheries have on fisheries and communities, and that this bill "simply allows hatcheries to do good business" by offering them the opportunity to refinance at rates lower than the current nine percent. He stated that enabling hatcheries to remain strong and healthy would result in a positive impact on the general fund from

increased revenue generated from State taxes on commercial fish harvesting.

CARL ROSIER, President of the Alaska Outdoor Council, testified in support of the bill. He stressed the positive impact hatcheries have on recreational fishermen, and stated refinancing of hatcheries is "good business for the State of Alaska."

AT EASE 9:43 AM / 9:57AM

Senator Ward made a motion to move SB 266 (RES) 22-LS1216\T from Committee with accompanying zero fiscal note from the Department of Community and Economic Development.

There were no objections, and the bill MOVED from Committee.

#SB182

SENATE BILL NO. 182

"An Act requiring reductions in payments to individuals under certain benefit programs if appropriations are not sufficient to fully fund the statutorily established levels of payments."

This was the first hearing for this bill in the Senate Finance Committee.

PAM KARALUNAS, Arctic Alliance for People, and The Resource Center for Parents and Children, testified via teleconference from Fairbanks and stated this bill "is one of the least effective ways" to balance the budget because "it punishes people who are poor and disabled." She asked the Committee to consider how program recipients would pay expenses if payments were reduced.

Co-Chair Kelly clarified this bill is not an elimination of benefits, but a pro ration of funds if deemed necessary.

LYNNE KORAL, Alaska Independent Blind, testified via teleconference from Anchorage that decreases in benefits to the poor would reduce monies to buy groceries and pay rent. She stressed this would have a negative effect on those who could least afford it. She applauded the Legislature's efforts to balance the budget, but stated this bill would not have the intended affect.

TABER REHBAUM, member, Arctic Alliance for People, testified via teleconference from Fairbanks that Artic Alliance remains

"unequivocally opposed" to this bill. She stated this legislation would place the burden of balancing the budget onto the backs of the "most venerable Alaskans: the poor, the elderly and the disabled," and might force more Alaskans to seek welfare assistance. She asked the Committee to seek ways to increase revenue.

LAEL VENTA, President, People First, testified via teleconference from Anchorage to concur with prior testifiers that this bill would cause "a hardship on people who are already living at the poverty level."

JEANNETTE GRASTO, Board of Directors of the National Alliance for the Mentally Ill (NAMI) Fairbanks, NAMI Alaska and Family Center Services of Alaska, testified via teleconference from Fairbanks stating she "vehemently opposes this bill." She asserted that "no one chooses to have a disability or to have a child with a disability, and it can be a devastating experience." She urged the Committee to consider the negative effects this bill would have.

CATHERINE BURGESS, employee, Parents Inc. testified via teleconference from Anchorage to "strongly oppose" this bill.

COLLEEN AKPIK-LEMAN, Social Services Director, Barrow Arctic Slope Native Association, testified via teleconference from Barrow in opposition to this legislation, as it would negatively affect benefits to people who live in the North Slope region, an area with a high cost of living.

Co-Chair Kelly reiterated this bill "is not a blanket reduction," but rather would allow the Legislature to address short-funding "on a case by case basis."

ALISON ELGEE, Deputy Commissioner, Department of Administration, testified that the Department of Administration has determined this bill would affect its Longevity Bonus program recipients. She stated it would subject these individuals "to a feeling of uncertainty" that would be further complicated when the Department tried to project if and when benefits might be pro-rated. She informed the Committee the expenses of this program have been very difficult to project, even though the program has its recipients identified.

Ms. Elgee detailed that the Department's projection formula for "a high case, mid-case and low-case" model of needs from which a full-funding-needs budget recommendation is presented to the Legislature. She stressed that over the course of the year, these projections are recalculated, "and it is frequently the case" that

in September, "it appears the program will be short-funded due to participants' travel patterns" and other factors. She continued that the program numbers are recalculated again in March, and the program has "plenty of money." She stated the way this bill is written, according to the September numbers, the payments would have to be pro-rated, "where in fact," there is adequate money when the numbers are re-run in March.

ELMER LINDSTROM, Deputy Commissioner, Department of Health and Social Services, stated this bill appears to affect a number of programs in the Department of Health and Social Services including the Alaska Temporary Assistance Program for Families (ATAF) and children. He stated pro-rating this program would jeopardize federal Block Grant funding that is a crucial part of the total program's funding.

Co-Chair Donley stated a change in federal law might address the requirements for state funding.

Mr. Lindstrom stated that is possible, although the Department is not aware of any pertinent legislation pending at the federal level.

Mr. Lindstrom informed this bill would also affect the Adult Public Assistance (APA) Program for "the aged, blind, and disabled."

SFC 02 # 23, Side B 10:15 AM

Mr. Lindstrom profiled the approximately 14,000 APA recipients as follows: approximately 33 percent suffer from mental disorders; approximately 15 percent have developmental disabilities; approximately 11 percent have muscular/skeletal system problems; and approximately four percent participate in the program as a result of injury. He stated that APA benefits, combined with Supplemental Security Income benefits, do not allow these people "to live extravagantly," and in fact, often do not "even cover room and board." He stated that after paying rent, food, utilities and basic living needs, the discretionary income remaining for a typical APA recipient is approximately \$125.

Mr. Lindstrom commented this legislation would also affect the Department's General Relief Assistance Program. He informed the Committee that approximately 75 percent of this program's funding pays for indigent burials with the balance providing some assistance to persons who are not eligible for other assistance programs; "typically for rent costs to keep people from being

evicted" from their homes.

Mr. Lindstrom informed the Committee the Foster Care Payment Program might also be affected by this bill. He stated this program is the key to the child protection system and the retention and recruiting of foster parents. He stated the Department's fiscal notes explain the scenario for each program depending on the funding reduction percentage.

Senator Green asked if the recipients for these programs are identified by the state, the federal government, or both?

Mr. Lindstrom responded the primarily federally funded ATAF program has both federal and state requirements; whereas, the APA program is a state regulated program. He stated the Legislature could address "eligibility and needs standards" changes to both these programs through statute.

Senator Green asked if the state has requested waivers from the federal government for programs "that are very costly" and "could restrict covering a wider base of people." She also inquired if the Department had addressed with the Legislature, "moderating programs" that are expensive to operate or have "expanded too wide."

Ms. Elgee responded that the Legislature is currently considering HB 162 that could reduce the cost of the Longevity Bonus Program.

Co-Chair Donley stated that 27 states do not have an APA program, and asked if the Department has any information on those states.

Mr. Lindstrom responded that the APA program is the State of Alaska's supplement to the federal Supplemental Security Income. He noted that while not all states provide supplements, of those that do, there is a "broad range" of payments based on a multitude of circumstances such as assisted living or independent living.

Co-Chair Donley communicated that 22 states do not provide supplemental coverage for individuals who live independently, and Alaska pays approximately three times the average supplement of the states that do. He continued that 27 states have no program for individuals living in another household, and Alaska, in this case, pays approximately three times the average of those states that do.

Mr. Lindstrom thanked Co-Chair Donley for the information and reiterated that an individual living alone in Alaska, after paying for basic living needs, would have approximately \$100 remaining income.

Co-Chair Donley commented that this would not be their sole source of income as they receive a Permanent Fund Dividend.

Mr. Lindstrom suggested having these individuals testify before the Committee about what it is like to live on public assistance.

PAUL GROSSI, Director, Division of Worker's Compensation, Department of Labor and Workforce Development, informed the Committee about the impact this bill might have on two programs administered by the Department: the Fisherman's Fund, which pays for emergency medical benefits to fisherman who have no other coverage for work related injuries or illnesses; and the Second Injury Fund which pays benefits to employers for payments of benefits for certain types of "long-term second degree injuries." He stated, "these are constitutionally dedicated funds" that might have to be reduced under HB 182 if there is not enough appropriations in a given year.

Senator Green asked how short funding of these programs is currently handled.

Mr. Grossi stated the Department requests supplemental funding.

Co-Chair Donley mentioned he has not noticed dedicated funding for these programs in prior legislation.

Mr. Grossi noted the omission might have been an oversight by the Department.

MARIE DARLIN, representing the American Association of Retired Persons, referenced a letter submitted by the Association, stating its opposition to this bill. She mentioned that if benefits are cut to seniors, many of them could not remain in their own home, and the state would subsequently pay for them to live in assisted living facilities.

LIN CRAIG, member, Key Coalition for the Blind, voiced concern that this bill would affect people living at or below poverty level. He stated this bill could ultimately result in higher costs to the state if people have to move into assisted living facilities.

PHYLLIS HART, member, Parents, Inc. testified via teleconference from Anchorage that she is familiar with services the State offers to families as she has an autistic grandchild and a grandchild adopted through the state foster program. She voiced opposition to the bill and stated, "there are more effective ways to come up with funding for these programs."

ALFRED MCKINLEY SR, Executive Committee Member, Grand Camp Alaska Native Brotherhood, and Delegate to Central Council, testified in opposition to SB 182 and the reductions it may present. He voiced this bill would be detrimental to people and to the state, explaining if people housed in state-assisted living programs receive reduced cash benefits, their rent payment to the state "will go down too." He requested the Committee recognize the high cost of living in Alaska, and that the cost of living in Anchorage and Juneau is lower than in rural communities.

FRANK C WHITE SR, Alaska Native Brotherhood, Camp #2 testified there are many handicapped people, such as himself, who would be affected by any decrease in assistance, as many are at or near the poverty level already. He stated he worked all his life to be independent, and that he still lives independently, but is afraid this bill might force him, a handicapped, retired veteran, and people like him, to move out of their homes. He urged the Committee to leave programs at current funding levels.

AT EASE 10:51 AM / 10:52 AM

Co-Chair Donley stated the committee substitute for SB 182 clarifies how the pro ration would function: the Executive Branch would have the discretion to reduce payments, if necessary, based on the budget, or to plan for subsequent appropriations as specified in Section 1, subsection (1) of the bill. He continued that Section 1, subsection (2), mandates pro ration if the Legislature "specifically instructs the Executive Branch to do so."

Co-Chair Donley made a motion to adopt SB 182 (FIN), 22-LS0675\J as a working draft.

There were no objections, and the committee substitute was ADOPTED.

Co-Chair Donley clarified that, contrary to public testimony comments, SB 182 does not reduce payments: "it provides for a budgeting mechanism whereby payments could be reduced" and "payments would only be reduced if they were short-funded in the actual budgeting document."

Co-Chair Kelly stated it also does not preclude a supplemental request.

The bill was HELD in Committee.

#

#### **ADJOURNMENT**

Co-Chair Pete Kelly adjourned the meeting at 10:57 AM