

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**SECOND SPECIAL SESSION**  
**May 17, 2002**  
**5:01 PM**

**TAPES**

SFC-02 2nd SS #1, Side A

**CALL TO ORDER**

Co-Chair Kelly convened the meeting at approximately 5:01 PM.

**PRESENT**

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

**Also Attending:** SENATOR GENE THERRIAULT; JIM DUNCAN, Commissioner,  
Department of Administration

**Attending via Teleconference:** There were no teleconference  
participants.

**SUMMARY INFORMATION**

SB 2006-APPROP: CAPITAL PROJECTS

The Committee adopted a committee substitute and moved the bill  
from Committee.

SB 2007-APPROP: CONST. CBR

The bill moved from Committee.

SB2001-PIONEERS' AND VETERANS' HOME/ADVISORY BD

The Committee heard from Senator Therriault and the Department of  
Administration. The bill moved from Committee.

Co-Chair Kelly announced that the following two pieces of legislation individually address the FY 03 Capital Budget and the provision to withdraw funds from the Constitutional Budget Reserve (CBR) fund, neither of which passed the House of Representatives during the regular legislative session.

AT EASE 5:03 PM / 5:04 PM

#SB2007

SENATE BILL NO. 2007

"An Act making an appropriation to reverse the effect of art. IX, sec. 17(d), Constitution of the State of Alaska; making an appropriation to balance revenue and general fund appropriations; making an appropriation to the Department of Revenue for management of the constitutional budget reserve fund; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

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

Co-Chair Donley commented this legislation is the mechanism by which the State would access the CBR fund and that passage requires a vote of three-quarters of the members of both the Senate and the House of Representatives. He stated that the need for these funds is dependant upon whether revenue is sufficient to fund the activities of state government in the upcoming fiscal year. He remarked that current estimates indicate CBR funds would be needed.

Senator Leman furthered that, although small compared to the proposed total withdrawal from the fund, the \$125,000 CBR withdrawal for the Department of Revenue, Division of Treasury, as contained in this bill, is part of the efforts of the Senate Majority to meet spending limitations.

Senator Ward offered a motion to move SB 2007 from Committee with individual recommendations.

Without objection SB 2007 MOVED from Committee.

AT EASE 5:07 PM / 5:27 PM

#SB2006

SENATE BILL NO. 2006

"An Act making and amending appropriations and reappropriations; and providing for an effective date."

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

Co-Chair Kelly explained the intent to adopt the language of SB 247, the FY 03 Capital budget as passed by the Senate, with the exception of the CBR fund access provisions.

Senator Ward moved to adopt an unnumbered bill, work order number 22-LS1818\A, as a working draft committee substitute to SB 2006.

Co-Chair Donley objected.

Co-Chair Donley restated earlier concerns that Anchorage wastewater and water quality projects "traditionally have been seriously under-funded". He compared the amount of funds appropriated for Cordova and Juneau as higher than that appropriated for Anchorage. He remarked that a more equitable statewide distribution system must be developed in the future for funding such projects.

Co-Chair Donley removed his objection to adoption of the committee substitute as a working draft and it was ADOPTED without objection.

Senator Ward offered a motion to move from Committee CS SB 2006 (FIN) "as amended, Version A," with individual recommendations.

There was no objection and CS SB 2006 (FIN) MOVED from Committee.

AT EASE 5:29 PM / 5:32 PM

#SB2001

SENATE BILL NO. 2001

"An Act changing the name of the Alaska Pioneers' Home to the Alaska Pioneers' and Veterans' Home and of the Alaska Pioneers' Homes Advisory Board to the Alaska Pioneers' and Veterans' Home Advisory Board; relating to housing and services for veterans; relating to the advisory board for the home; making other amendments to the statutes relating to the home; and providing for an effective date."

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

Co-Chair Kelly pointed out this is similar to legislation passed by the Senate during the regular legislative session but not adopted by the House of Representatives.

SENATOR GENE THERRIAULT detailed the differences between the version originally introduced by Governor Tony Knowles and that adopted by the Senate Rules Committee and passed by the Senate. He stated the Senate Rules committee substitute and SB 2006 specify a limit of 30 percent of beds in each Pioneers' Home that could be dedicated to veterans. He noted the Administration had proposed instating this limit in regulation rather than statute.

Senator Therriault listed the second change from the Governor's original version specifies that this legislation only takes effect if an agreement is reached with the US Veterans' Administration (VA). He explained this provides that veterans' federal per diem payments are paid to the veterans, and the veterans would then use those funds to pay the State for services provided to them in the Pioneers' Homes. He clarified the per diem payments are different than VA benefits, which include prescriptions and other coverage. He informed that if the per diem payments were made directly to the Homes, the federal government could impose regulations on the Homes. He read language from Section 24 of SB 2001, CONTINGENT EFFECTIVENESS, specifying that the receipt of the per diem payments from resident veterans, are accepted, "without any need for changes in the state ownership and authority to operate and manage the home under the state laws as they would exist after being amended by this Act." He emphasized the intent that this legislation would not "trigger" any changes to the manner in which the State owns and operates the Pioneers' Homes.

Senator Hoffman asked if the Department of Administration fiscal note, dated 5/17/02, reflects the aforementioned changes.

Senator Therriault replied the fiscal note "operates separately from this bill" and explained that the fiscal note addresses the cost of opening additional beds. He noted there are currently 90-95 veterans residing in the Pioneer's Homes, and this legislation would allow receipt of these patients' VA per diem payments, at no cost to the State. He stated that additional beds could be opened under this legislation for new veteran residents as well, if funds were appropriated.

Senator Therriault qualified this legislation contains a provision in Section 21 relating to a study, which would entail additional expense.

Co-Chair Kelly asked for further explanation of the consequences of the VA per diem payments made directly to the State, versus the payments made to veteran residents and forwarded to the State.

Senator Therriault responded there is some concern that if money is directly appropriated to the Homes, there are "all kinds of strings attached", in the form of VA regulations that would dictate how the State must operate the Homes. On the contrary, he explained if funds are appropriated to the veteran and used by the veteran to pay the out-of-pocket cost of residency in the Home, the VA regulations would not apply.

Senator Hoffman asked if once agreement is reached with the VA whether the fiscal note would become invalid.

Senator Therriault responded the matter is dependent upon whether the Committee chose to appropriate State funds to open additional beds at the Homes.

Senator Hoffman restated his impression of negotiations that determined that this bill would not be enacted until there was an understanding by Alaska's Congressional delegation related to funding. He asked how this agreement would impact the fiscal note.

JIM DUNCAN, Commissioner, Department of Administration, replied that Section 24 stipulates that this legislation would only take effect when the Alaska Department of Administration and the VA reach agreement regarding the per diem payments and the ownership and operation of the facilities by the State.

Mr. Duncan added that, under this legislation, the Department is required to report to the Legislative Budget and Audit Committee once such an agreement is reached.

Mr. Duncan informed that the negotiations are on-going and that the goal is to reach an agreement as quickly as possible to allow veterans to receive the benefits "they deserve" and are "entitled to."

Senator Hoffman cited the fiscal note indicates the intent to fill 50 additional beds at a cost of \$1.5 million. He again asked whether the fiscal note must be changed if these beds could not be filled until the agreement is reached.

Mr. Duncan replied the fiscal note is based on the assumption there would be an agreement and the legislation would take effect by July 1, 2002. He stated it is uncertain whether an agreement would be reached by that date and suggested the Committee could

consider an effective date of October 1, 2002, as he was certain the beds would be open by that date. He stressed any fiscal note is an estimate and this fiscal note estimates the beds would be open by October 1.

Senator Leman asked for further explanation of the fiscal note. He referenced the analysis indicates the funding would be used to open 50 beds for veterans, although there are currently 95 veterans who are residents of the Pioneer Homes, and the intent is to designate 115 beds for veterans. He surmised that 35 veterans would reside in the Homes in beds not designated for veterans.

Mr. Duncan replied there is currently no preference given for veterans in the Pioneer Home system. He noted the language in SB 2001 states a preference could be assigned for up to 21 percent of the total number of beds, but no more than 30 percent of the beds in any one Home. He calculated 21 percent of the currently available 500 beds, plus the proposed addition of 50 beds, in all of the Homes to be 115 beds that could be designated with a preference for veterans. Therefore, he said, the 95 current veterans would reside in the designated beds and there would be space available for up to an additional 20 veterans. He stressed the additional 50 beds are necessary to provide the 20 veteran-designated beds because of the 21-percent provision. He pointed out more than 20 veterans could access the 50 additional beds depending on their placement on the waiting list.

Senator Leman clarified the remaining 30 additional beds would be available to those first on the waiting list regardless of whether they are a veteran.

Mr. Duncan affirmed.

Senator Leman asked the assumption of "money flow" of the new veteran residents.

Mr. Duncan replied the estimates are based on the assumption of 115 veteran residents. He qualified this could be an underestimation as more veterans could be accepted into a Home.

Senator Leman next referred testimony given by the witness when similar legislation was before the Committee during the regular session. Senator Leman had assumed from this testimony that this legislation could be enacted with fewer than 50 new beds made available.

Mr. Duncan stated this fiscal note is "not inconsistent" with his recollection of the earlier conversation. He noted the fiscal note

accompanying the original legislation was \$2.6 million general funds and \$2.6 million Pioneer Home program receipts. He stated the goal was to fill all 600 beds possible in the Pioneer Home system. He informed that due to concerns about the level of State spending, the Department submitted a fiscal note for SB 2001 to allow the opening of 50 beds and to start the program. He stated this matter is a policy call for the Committee to determine. He recommended the Committee provide funding to open the maximum number of beds possible.

Senator Lemman asked the amount of time between when an agreement is reached and when the residents are moved into the Homes. He asked if there would be delay caused by current leases or other living arrangements that must be addressed by the future residents.

Mr. Duncan surmised these factors would not cause delay because the future residents have been listed on the waiting list for a period of time and have already made necessary arrangements. However, he pointed out additional staff must be hired, which could require time. He assured that a portion of the beds would be opened as soon as adequate staff is in place; with the remaining beds opened as allowable.

Senator Lemman calculated that the addition of 30 beds would provide 111 veteran preference designated beds statewide.

Mr. Duncan agreed.

Mr. Duncan next pointed out the fiscal note includes \$250,000 for a private contractor to conduct a study of the unmet needs of veterans in Alaska under the age of 65, which he stressed is an important element of the legislation.

Senator Ward moved SB 2001 from committee with individual recommendations and the accompanying fiscal note.

There was no objection and SB 2001 MOVED from Committee with accompanying \$3 million fiscal note from the Department of Administration.

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RECESS TO CALL OF THE CHAIR 5:52 PM

#### **ADJOURNMENT**

Co-Chair Kelly adjourned the meeting at 05:57 PM.