

**ALASKA STATE LEGISLATURE  
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES  
STANDING COMMITTEE**

March 23, 2004  
3:03 p.m.

**MEMBERS PRESENT**

Representative Peggy Wilson, Chair  
Representative Carl Gatto, Vice Chair  
Representative John Coghill  
Representative Paul Seaton  
Representative Kelly Wolf  
Representative Sharon Cissna  
Representative Mary Kapsner

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 405

"An Act relating to reports on school and school district performance; and relating to accountability of public schools and school districts; and providing for an effective date."

- MOVED CSHB 405(EDU) OUT OF COMMITTEE

HOUSE BILL NO. 333

"An Act relating to an endowment for public education; and providing for an effective date."

- MOVED CSHB 333(HES) OUT OF COMMITTEE

HOUSE BILL NO. 440

"An Act relating to the Alaska Pioneers' Home, and the Alaska Veterans' Home; relating to eligibility for admission to the Alaska Pioneers' Home and Alaska Veterans' Home; relating to state veterans' home facilities; making conforming amendments; and providing for an effective date."

- MOVED CSHB 440(HES) OUT OF COMMITTEE

SENATE BILL NO. 201

"An Act relating to home care and respite care; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 405

SHORT TITLE: SCHOOL PERFORMANCE DESIGNATION/REPORT

SPONSOR(S): REPRESENTATIVE(S) GATTO

01/28/04	(H)	READ THE FIRST TIME - REFERRALS
01/28/04	(H)	EDU, HES
02/17/04	(H)	EDU AT 11:00 AM CAPITOL 124
02/17/04	(H)	<Bill Hearing Postponed>
03/02/04	(H)	EDU AT 11:00 AM CAPITOL 124
03/02/04	(H)	Heard & Held
03/02/04	(H)	MINUTE(EDU)
03/09/04	(H)	EDU AT 11:00 AM CAPITOL 124
03/09/04	(H)	Moved CSHB 405(EDU) Out of Committee
03/09/04	(H)	MINUTE(EDU)
03/18/04	(H)	EDU RPT CS(EDU) 5DP 1NR
03/18/04	(H)	DP: SEATON, WILSON, OGG, GARA, GATTO;
03/18/04	(H)	NR: WOLF
03/23/04	(H)	HES AT 3:00 PM CAPITOL 106

BILL: HB 333

SHORT TITLE: PUBLIC SCHOOL ENDOWMENT

SPONSOR(S): REPRESENTATIVE(S) OGG, COGHILL, HOLM

01/12/04	(H)	PREFILE RELEASED 1/2/04
01/12/04	(H)	READ THE FIRST TIME - REFERRALS
01/12/04	(H)	EDU, HES, FIN
01/27/04	(H)	EDU AT 11:00 AM CAPITOL 124
01/27/04	(H)	<Bill Hearing Postponed>
03/02/04	(H)	EDU AT 11:00 AM CAPITOL 124
03/02/04	(H)	Heard & Held
03/02/04	(H)	MINUTE(EDU)
03/09/04	(H)	EDU AT 11:00 AM CAPITOL 124
03/09/04	(H)	Heard & Held
03/09/04	(H)	MINUTE(EDU)
03/16/04	(H)	EDU AT 11:00 AM CAPITOL 124
03/16/04	(H)	Moved CSHB 333(EDU) Out of Committee
03/16/04	(H)	MINUTE(EDU)
03/18/04	(H)	HES AT 3:00 PM CAPITOL 106
03/18/04	(H)	<Above Item Removed from Agenda>
03/18/04	(H)	MINUTE(HES)
03/22/04	(H)	EDU RPT CS(EDU) NT 3DP 4NR
03/22/04	(H)	DP: OGG, WILSON, GATTO; NR: SEATON,

03/22/04 (H) GARA, WOLF, KAPSNER  
03/23/04 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 440

SHORT TITLE: PIONEERS' HOMES/VETERANS' HOMES

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/05/04 (H) READ THE FIRST TIME - REFERRALS  
02/05/04 (H) MLV, HES, FIN  
03/04/04 (H) MLV AT 3:00 PM CAPITOL 120  
03/04/04 (H) Heard & Held  
03/04/04 (H) MINUTE(MLV)  
03/18/04 (H) MLV AT 1:00 PM CAPITOL 124  
03/18/04 (H) Moved CSHB 440(MLV) Out of Committee  
03/18/04 (H) MINUTE(MLV)  
03/22/04 (H) MLV RPT CS(MLV) NT 6DP 1AM  
03/22/04 (H) DP: WEYHRAUCH, CISSNA, MASEK,  
03/22/04 (H) DAHLSTROM, GRUENBERG, STEPOVICH;  
03/22/04 (H) NR: LYNN  
03/23/04 (H) HES AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

LES MORSE, Director  
Assessment and Accountability  
Department of Education and Early Development  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 405 and answered questions from the members.

CLIFF STONE, Staff  
to Representative Dan Ogg  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the sponsor of HB 333.

EDDY JEANS, School Finance and Facilities Section  
Education Support Services  
Department of Education and Early Development  
Juneau, Alaska

POSITION STATEMENT: During discussion of HB 333, answered questions.

REPRESENTATIVE DAN OGG  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 333.

DENNIS DeWITT, Special Assistant  
Office of the Governor  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 440 and answered questions of the members.

ED KNOEBEL, Service Officer  
Legion Post 27  
Glennallen, Alaska

POSITION STATEMENT: Testified on HB 440 and asked questions concerning the bill.

JOHN VOWELL, Director  
Division of Alaska Longevity Programs  
Department of Health and Social Services  
Juneau, Alaska

POSITION STATEMENT: Testified on HB 440 and answered questions.

CHARLIE HUGGINS, Director  
Office of Veteran Affairs  
Department of Military and Veterans Affairs  
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 440.

#### **ACTION NARRATIVE**

#### **TAPE 04-21, SIDE A**

Number 0001

**CHAIR PEGGY WILSON** called the House Health, Education and Social Services Standing Committee meeting to order at 3:03 p.m. Representatives Wilson, Wolf, Cissna, and Kapsner were present at the call to order. Representatives Gatto, Coghill, and Seaton joined the meeting as it was in progress.

#### HB 405-SCHOOL PERFORMANCE DESIGNATION/REPORT

Number 0119

CHAIR WILSON announced that the first order of business would be HOUSE BILL NO. 405, "An Act relating to reports on school and school district performance; and relating to accountability of public schools and school districts; and providing for an effective date."

The committee took an at-ease from 3:05 p.m. to 3:07 p.m.

Number 0195

CHAIR WILSON announced for the record that Representatives Gatto and Seaton have joined the meeting.

Number 0202

REPRESENTATIVE CARL GATTO, Alaska State Legislature, testified as sponsor of HB 405. He told the members that [school] designators are a way to identify whether schools are doing well or poorly. Representative Gatto explained that there are two sets of designators which are different, one set on the state level and one set on the federal level. This fact causes double the work for districts, so this bill changes the state designators to comply with the federal designators. Representative Gatto told the members that the state uses the terms distinguished, successful, deficient, or in crisis as designators, while the federal designators are distinguished, proficient, in improvement, corrective action, and restructuring. This legislation would reduce the burden on the schools, he reiterated.

CHAIR WILSON commented that the schools would likely welcome this change.

REPRESENTATIVE GATTO agreed. He said that the school districts are supportive of this change.

Number 0349

REPRESENTATIVE SEATON asked if the change of designations would in any way impact on going tracking that has been conducted over a period of time.

LES MORSE, Director, Assessment and Accountability, Department of Education and Early Development, testified in support of HB 405 and answered questions from the members. In response to Representative Seaton's question, he told the members that the change in designators would have no impact. He explained that the designator system was to come into effect and would have first been required this fall. Mr. Morse clarified that inconsistency problems associated with two different designators would occur if this legislation does not pass.

Number 0451

REPRESENTATIVE SEATON moved to report CSHB 405(EDU), Version I, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 405(EDU), Version I, was reported from the House Health, Education and Social Services Standing Committee.

HB 333-PUBLIC SCHOOL ENDOWMENT

Number 0628

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 333, "An Act relating to an endowment for public education; and providing for an effective date."

Number 0680

CLIFF STONE, Staff to Representative Dan Ogg, Alaska State Legislature, testified on behalf of Representative Ogg, the sponsor of HB 333. Mr. Stone pointed out that the committee packet should include some talking points as well as a copy of the fax sent to Don Bullock, Legislative Legal and Research Services, regarding the conceptual amendments adopted by the House Special Committee on Education. He also noted that the committee should be in receipt of a possible conceptual amendment to AS 37.14.110. Mr. Stone read the following from the "Talking Points on CSHB 333":

This Bill endows the University of Alaska and the Public School Trust Fund with land grants.

Each will receive a grant of undivided 2 percent interest in all state domain land. Rights and management will be retained by DNR. DNR will not owe a heightened fiduciary duty to either the University or the Education Trust Fund who each shall receive receipts annually from their respective interests after deducting contributions to the permanent fund and deducting administrative/service fees, et cetera. Receipts are limited to new receipts accruing to each interest after the effective date of this act. In the later sections of this bill it does rescind Senate Bill 7.

MR. STONE recalled a question asked in the House Special Committee on Education regarding whether the existing public school trust fund be utilized instead of creating an endowment

trust fund. He explained that Eddy Jeans, Department of Education and Early Development, said the aforementioned could be done with different language. The conceptual amendment required to accomplish that is at the bottom of the "Talking Points on CSHB 333". Mr. Stone also recalled a question regarding the transfer of an interest in state lands and mineral rights to these trusts, as there was concern that it may violate Section 6(i) of the Statehood Compact. The university indicated that not to be the case, as does a 1964 attorney general's opinion, which says, "The use of the words 'hereby granted' signifies a present grant of lands to be thereafter identified by selection. By virtue of that grant the state became at once vested with the right of property in selected lands. It cannot be divested of such a right."

Number 0905

REPRESENTATIVE SEATON moved to adopt CSHB 333(EDU), Version 23-LS0991\C, as the working document. There being no objection, CSHB 333(EDU) is before the committee.

MR. STONE related to the committee that the House Special Committee on Education felt it was important to have an applicability section as is found in Section 7. He pointed out that "new" language wasn't added to that section because it isn't defined. The definition for "new" could be as simple as "a lease entered into or production or after this particular date". However, the drafter noted that the aforementioned would open some arguments with regard to what constitutes a lease because a lease can be from two different pools of oil.

MR. STONE turned to House Special Committee on Education's desire to conform the legislation to the sponsor's intent in [AS 14.40].507 to not sell land, but to receive revenue. This change is on page 6 and meets the sponsor's intent that it's a tenant in common and an undivided 2 percent for both the university and the K-12 system. The new language specifies that DNR doesn't owe the University of Alaska a heightened fiduciary duty. Furthermore, page 6, lines 16-21, specifies that land conveyed to the university or the education trust doesn't include an interest in possession of land. The Department of Natural Resources, upon a cursory review, is happy with this section, as is Joe Beedle, University of Alaska. He directed attention to page 5, line 28, which includes the following language change: "receipts derived from the management of the land conveyed" in order to meet the sponsor's intents.

Number 1155

MR. STONE recalled that many in the House Special Committee on Education expressed concern with regard to how this legislation interacts with the 25 percent that is constitutionally mandated to go into the permanent fund from the sale of these leases and royalties. Therefore, on page 5, line 31, the language "after deducting contributions to the Alaska permanent fund that are required by law" was included. To that same end on page 6, lines 13-14, the language "after deducting contributions to the Alaska permanent fund required by law and after deducting administrative service fees, application fees, filing fees, processing fees, or other similar fees" was added. The drafter has assured the sponsor that those two areas won't upset the constitutional mandate.

Number 1300

CHAIR WILSON moved that the committee adopt Amendment 1, as follows:

Page 5, line 27:

Delete "equal shares"

Insert "three-fifths and two-fifths shares  
respectively"

REPRESENTATIVE GATTO objected, and inquired as to the share of the budget that K-12 and the university currently receive.

Number 1353

EDDY JEANS, School Finance and Facilities Section, Education Support Services, Department of Education and Early Development, said that he couldn't answer that.

CHAIR WILSON interjected that it's more than two-fifths and three-fifths.

REPRESENTATIVE SEATON highlighted that this legislation also eliminates SB 7, which was the 250,000 acres to be transferred to the university. Therefore, that land grant would be eliminated. Representative Seaton inquired as to the balance of that income.

Number 1435

REPRESENTATIVE DAN OGG, Alaska State Legislature, sponsor of HB 333, explained that the intent was to replace the land grant that was in SB 7 with the land grant proposed in HB 333 and provide it to K-12 as well as the university. He pointed out that the land grant under SB 7 hasn't been transferred, and therefore the selections haven't been made. Furthermore, such a transfer would be onerous because under the terms of SB 7 there has to be an agreement between DNR and the university. This fall the administration has put forth two proposals to the university, but no agreement could be reached. Even if there was agreement, the university would have to come before the legislature for approval. Representative Ogg highlighted that his proposal provides quite a savings. In essence, this legislation would take the place of the land grant under SB 7. With regard to what is lost, Representative Ogg opined that K-12 would gain. He explained that presently the public school trust has a .5 percent of the current revenue stream and that fund is at \$275 million and will provide about \$12 million to K-12 this year. The university's land grant trust fund from existing land has a balance of about \$80 million. Representative Ogg related his understanding that [Amendment 1] would increase K-12 portion at a greater rate than the university.

REPRESENTATIVE SEATON asked if [Amendment 1] is a reasonable balance against 250,000 acres.

REPRESENTATIVE OGG recalled that when the legislation referred to 1 percent, Mr. Beedle believed that the 1 percent over time would be better for the university than the 250,000 acres.

Number 1637

REPRESENTATIVE GATTO withdrew his objection to Amendment 1.

CHAIR WILSON, upon hearing no further objections, announced that Amendment 1 was adopted.

REPRESENTATIVE COGHILL asked if Amendment 1 would change the language necessary on page 5, line 22, where it says "equally for the support of public elementary and secondary education." Representative Coghill explained that he wanted to be sure that if the intention is divide what goes between post secondary and secondary education would there be any discussion with regard to primary and secondary education.

REPRESENTATIVE SEATON opined that Amendment 1 would designate that three-fifths of the 4 percent would go into this education

trust fund and wouldn't impact the split [between primary and secondary education].

Number 1741

REPRESENTATIVE SEATON moved that the committee adopt Conceptual Amendment 2, which would: "replace in the bill where applicable language creating an education trust fund and board with the existing public school trust fund and public school trust fund advisory board (AS 37.14.110-170)."

REPRESENTATIVE COGHILL objected for discussion purposes.

REPRESENTATIVE SEATON referred to Mr. Stone's earlier testimony that there is no need to create an education trust fund because the existing public school trust fund can be utilized for this purpose. This legislation would merely provide another revenue stream into the existing public school trust fund.

REPRESENTATIVE COGHILL removed his objection.

Number 1798

CHAIR WILSON, upon determining there was no further objection, announced that Amendment 2 was adopted.

Number 1810

REPRESENTATIVE SEATON moved to report CSHB 333(EDU), as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 333(HES) was reported from the House Health, Education and Social Services Standing Committee.

HB 440-PIONEERS' HOMES/VETERANS' HOMES

Number 1890

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 440, "An Act relating to the Alaska Pioneers' Home, and the Alaska Veterans' Home; relating to eligibility for admission to the Alaska Pioneers' Home and Alaska Veterans' Home; relating to state veterans' home facilities; making conforming amendments; and providing for an effective date."

Number 1918

DENNIS DeWITT, Special Staff Assistant, Office of the Governor, testified in support of HB 440 and answered questions of the members. He told the members that HB 440 would allow the administration to proceed with the conversion of the Palmer Pioneers' Home to a veterans home. The [existing] pioneers' home waiting list would be used to fill the beds in the home. The population would be 75 percent veterans and the remaining 25 percent would be filled from the waiting list.

Number 1982

MR. DeWITT explained that there is a 20-year history in implementing a way for Alaska's veterans to get their veterans' benefits. He has been involved in the process for the last 14 years, he added. The administration has worked closely with the U.S. Department of Veterans Affairs (VA). Through this process it was determined that the Palmer Pioneers' Home was the best option in providing a veteran home with the least impact on the pioneer home system.

MR. DeWITT said that last August the VA sent a team to tour both the Anchorage and Palmer Pioneers' homes and provided the state with suggestions in implementing a VA home. One of their primary interest was the pioneers' homes approach to geriatric care. Mr. DeWitt emphasized that the VA found the pioneers' homes program very good. It was explained that Alaska uses a social model as opposed to the traditional medical model used in most veteran homes [in the United States]. The primary difference is that in the social model an effort is made to consider an individual's care and needs, and implement them in a home-like setting for the rest of the resident's life or time in the facility. The medical model emphasizes caring for specific medical needs in more of a nursing home setting, rather than an assisted living home. It took a day and a half for the VA team to understand what was being done and appreciate the high quality program that was being provided in the pioneers' homes. When the team left Alaska the members were saying that they wanted to take this program [as a model] and implement it throughout the veterans homes system. Mr. DeWitt summarized that the administration felt very proud of the program being offered in Alaska.

Number 2112

MR. DeWITT said the VA then sent its architect to look at the Palmer Pioneers' Home to see what changes would need to be made

to ensure it meets federal standards. The heating and plumbing systems need to be brought up to standards that will provide a functional building for 20 years into the future. The capital expenditures required to meet these standards would be shared with the federal government who would pay 65 percent, while the state will pay 35 percent of the upgrade. As the transition into a veterans home proceeds those individuals who are veterans will be eligible to receive \$26.95 per day reimbursement for their cost of care. For those who are currently paying for care at the pioneers' home out of their own pocket that would mean about an \$800 per month offset of their payment. For those who are being subsidized fully by the pioneers' home, that would be an offset of about \$800 per month from the general fund. That is a strong reason to move in this direction, he commented.

MR. DeWITT told the members that the administration is about 99 percent completed with its negotiations. He noted that there are currently some points to be clarified with the under secretary of the VA which would confirm the administration's understanding of the status of the veterans' home. A preliminary response confirms that the VA is in agreement and that as soon as legislation has been approved the state will move forward. The funding for this project is in the fast track supplemental budget bill which will provide a 4 to 6 month jump in moving forward. The federal match funding should be available by October when the state will be reimbursed, he added.

Number 2205

MR. DeWITT shared that the administration is working on transition issues. He emphasized that HB 440 has language that guarantees that no one in the pioneers' home now will be required to move because of the change from pioneers' home to veterans' home status. Mr. DeWitt explained that the administration told the VA that it believes there will be about a five-year transition period; however, the VA believes it should be longer. So at this period in time the administration has an open transition period, he added. The general operating standards that are currently in place will continue, but there may be a few slight accommodations to ensure all the VA criteria is met. Mr. DeWitt stated that the administration is comfortable that the estimated \$3.5 million capital construction appropriation will be adequate to accomplish necessary changes. In summary, Mr. DeWitt explained that the main reason the administration looked at the Palmer Pioneers' Home for a VA home is that [the VA would allow] Alaska to have a 79 bed home. The

Palmer facility has 83 beds and the VA is comfortable allowing the extra [4] beds.

Number 2364

ED KNOEBEL, Legion Post 27, testified on HB 440 and asked questions concerning the bill. He said that he understands that the average reimbursement rate by the VA is approximately \$800 per month for care in a VA home and the state will pickup the rest of the cost. If a person is drawing social security will the individual be allowed to keep those funds or would it be used for payment of care [in the home].

Number 2400

JOHN VOWELL, Director, Division of Alaska Longevity Programs, Department of Health and Social Services, testified on HB 440 and answered questions. The VA considers social security as income and that income is used toward the cost of care for that veteran, he said.

MR. KNOEBEL replied that it was his understanding that the money received over the \$800 would be available for the veterans' own use.

**TAPE 04-21, SIDE B**

Number 2371

CHAIR WILSON commented that she believes that the \$800 figure is what the VA provides for payment for a veteran to stay in the home, but that is not the actual cost of staying in a pioneers home. The cost of staying in a pioneers' home is quite a bit more than that amount.

MR. KNOEBEL asked about the age for which a veteran could reside at the home. He commented that he knows of a completely disabled veteran who is not yet 65 years of age and needs to be accommodated.

MR. DeWITT replied that the Pioneers' Home System offers very good geriatric care. In this proposal the 65-age requirement has been maintained because the type of care available is geriatric nature.

MR. KNOEBEL asked for clarification that a veteran who receives \$850 per month in social security benefits [which will be used

to pay for a veteran to stay in the home] will also have the state reimburse the rest of the cost.

MR. DeWITT responded that the lowest cost of care in the home is about \$2,100 per month. So the contribution by a veteran would be similar to anyone else using the facility.

Number 2305

MR. KNOEBEL asked if a veteran is currently in another pioneers' home, would it be necessary for the veteran to move to the Palmer home to received these benefits.

MR. DeWITT replied that under this proposal the veteran would have to be in the Palmer home to receive these benefits. The ability to house folks in other homes that are not veteran homes is not achievable under any options that are before the administration. He explained that there was a prior proposal to make that option available, but the administration has not been able to bring that to fruition. This legislation is an effort to put a veterans' home in Alaska, he stated.

Number 2248

CHARLIE HUGGINS, Director, Office of Veteran Affairs, Department of Military and Veterans Affairs, testified in support of HB 440. He told the members that it is important to note that Alaska is the only state without a veterans' home. In his conversations with veterans around the state the number one topic of concern by veterans, other than concern about personal medical problems, is the need for a veterans' home, he said. There is a sense of delight that soon there will be a veterans' home in Alaska. It is important to note that the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars have all voted to support the Palmer Veterans' Home concept, he said. There have been many hollow promises of what would happen and now there is a course of action for the Palmer home. Mr. Huggins emphasized that 100 percent of the veterans are very concerned about pioneers, so the fact that 25 percent of the residents in the Palmer home will be pioneers is important.

Number 2170

MR. HUGGINS shared a conversation he had at a McDonalds in Juneau where a man was concerned that his brother would have to move to the veterans' home in Palmer. He pointed out that is

the beauty of this plan, in that no one is required to move to other facilities. He thanked the legislature for supporting this plan.

Number 2151

CHAIR WILSON asked for clarification that veterans can be in any home across the state, but the VA will not pay the approximate \$800 toward the veteran's care.

MR. DeWITT replied that is correct. He explained that there are now pioneers who are veterans. These individuals will have an option of residing in any of these homes.

Number 2111

REPRESENTATIVE GATTO pointed to the sectional analysis of HB 440, dated March 22, 2004, page 3, Section 24, which amends AS 47.55 by adding a definition section. He read the following text:

The term "veteran" is defined to mean a person who has not been dishonorably discharged from the armed forces of the United States.

REPRESENTATIVE GATTO said that according to that definition he would qualify even though he has never served in the armed forces of the United States.

MR. DeWITT replied that what Representative Gatto read is a short definition of the bill. He asked for the members to turn to page 12, lines 22 through 25. The full definition reads as follows:

(5) "veteran" means a person who has been discharged from the armed forces of the United States, including the Alaska National Guard or the Alaska Territorial Guard; the discharge from the armed forces must be other than dishonorable.

Number 1962

REPRESENTATIVE GATTO said he believes the word "honorably" needs to be in the definition.

MR. DeWITT replied that in working with the VA and veteran groups on the definition there was some concern. Originally the

definition was borrowed from other sections of law that required service of 180 days and several other requirements. It was pointed out that if a veteran were in for a shorter time, wounded in action, and then discharged, that individual would not be covered. He explained that this definition covers the greatest number of veterans that the VA would call a veteran. He emphasized that the administration worked with all the veterans' groups to address their concerns of the definition.

REPRESENTATIVE GATTO asked how many kinds of discharges there are and if there is a worse discharge than "dishonorable."

MR. DeWITT replied that the number and kinds of discharges depends on who an individual is speaking with, which is why the definition is worded as it is. He explained that he has been told that there is "honorable" and "dishonorable" [from one source], but also [from another source] that there are other honorable discharges that are not dishonorable. There was a general consensus that as long as the discharge was not dishonorable these individuals should qualify as a veteran.

Number 1863

CHAIR WILSON commented that she believes there are medical discharges.

MR. DeWITT submitted that there is an on-going debate that those discharges are other than honorable. He emphasized that the administration's intent was to include the broadest definition that would be allowed by the VA. He pointed out that he believes it is important that the Alaska National Guard and the Alaska Territorial Guard be included in this legislation since these are not included in the federal definition. Both groups would be allowed veteran benefits, but without specific reference to the two groups they would not be included.

Number 1812

CHAIR WILSON pointed to page 6, lines 29 and 30, and page 7, lines 1 and 3. She explained that she received numerous calls from local municipalities who were concerned about language in the bill that refers to "maintenance", but not "operation". With the decrease in state funding to municipalities and decreased revenue to the state there was concern, she said. Chair Wilson said for example, many communities have seen less and less maintenance in harbors, so there is an element of uncertainty.

CHAIR WILSON moved Amendment 1, 23-GH2085\I.1, Mischel, 3/23/04, which read as follows:

Page 6, line 29, following "**Maintenance**":  
Insert "**and operation**"

Page 6, line 30:  
Delete "The"  
Insert "Except as otherwise provided in this subsection, the"  
Following "maintain":  
Insert "and operate"

Page 6, line 31 following "Sitka":  
Insert ", Anchorage, Fairbanks, Juneau, Ketchikan, Palmer,"  
Following "and":  
Delete "at"

Page 7, line 1, following "maintain":  
Insert "and operate"

Page 7, line 3, following "maintained":  
Insert "and operated"

CHAIR WILSON explained that this amendment would ensure that the maintenance and operation of the pioneers' and veterans' homes would be taken care of by the state.

REPRESENTATIVE COGHILL objected for purposes of discussion.

REPRESENTATIVE CISSNA asked if this amendment would change the fiscal note since this bill really only addresses the one veteran home in Palmer.

Number 1727

CHAIR WILSON responded that this amendment does not change the fiscal note. She emphasized that she discussed that point with the bill drafter in Legislative Legal and Research Services because she did not want to suggest changes that would jeopardize the purpose of the bill. Chair Wilson added that this language provides clarity and security to the communities who have pioneers' and veterans' homes.

Number 1700

REPRESENTATIVE CISSNA asked Mr. DeWitt to comment on any implications this amendment might have on the bill.

MR. DeWITT commented that the administration's concern is that there would not be a section inserted in the bill that would be internally inconsistent. He said that as he reads this amendment he does not see any significant difference in what the administration is trying to accomplish.

Number 1660

REPRESENTATIVE WOLF referred to page 6, line 31, and page 7, line 1, where it says, "other sites designated by the commissioner of health and social services." He asked if Anchorage, Fairbanks, Juneau, Ketchikan, and Palmer are already designated by the commissioner.

CHAIR WILSON responded that those communities are designated.

MR. DeWITT commented that those communities are where current pioneers' homes are sited.

REPRESENTATIVE WOLF asked if that language doesn't already address that portion of the amendment.

CHAIR WILSON agreed that it probably does, but many of the municipalities felt more comfortable with its names included in the language.

Number 1618

REPRESENTATIVE GATTO pointed out that by mentioning the communities by name it will lock in the state to maintain and operate the homes whether they are occupied or not.

CHAIR WILSON responded that it would be necessary to come back to the legislature to change the law. She clarified that the communities want changes to be done through the legislative process.

Number 1572

REPRESENTATIVE WOLF posed a hypothetical example where residents of the pioneers' home in Fairbanks voluntarily moved to Palmer. If this amendment passes it would be necessary to come back to

the legislature to delete the maintenance and operation of the Fairbanks pioneers' home from state law.

CHAIR WILSON agreed with Representative Wolf's assumption.

REPRESENTATIVE WOLF commented that he has a problem with that concept.

CHAIR WILSON said that she understands Representative Wolf's concern. Some of these homes are old and may have to be dismantled at some time in the future, but she said she believes it is important to discuss it openly as is being done now.

REPRESENTATIVE WOLF said he objects to Amendment 1.

Number 1506

REPRESENTATIVE SEATON asked if this amendment is in response to the move of the ferry office.

MR. DeWITT commented that there are no residents of the pioneers' homes that are ferry office employees [laughter].

CHAIR WILSON explained that she believes some municipalities are concerned about the possibility that it might be necessary for them to take over funding of the homes, especially in light of the reduced revenue sharing.

REPRESENTATIVE COGHILL commented that in reading the bill it never crossed his mind that the state would not operate the homes as well as maintain them. He said he believes this language is somewhat redundant.

NUMBER 1441

CHAIR WILSON reminded the members of a comment the governor made at the meeting in Fairbanks when he was asked what would happen if the legislature does not produce a fiscal plan. The governor commented that he would go to plan 2 which named the Sitka Pioneers' Home as one that would cease to exist. That comment has made people nervous, she said.

Number 1416

REPRESENTATIVE GATTO said that he does not like to see the state being forced to operate and maintain a building that has no occupants. He said he disagrees with this concept.

CHAIR WILSON pointed to page 8, lines 6 through 9, where it says the following:

(e) The department may engage in activities directed to increase revenue from a home. These activities may include the lease of excess bed or floor space, up to 50 percent of the total floor space in a home, or lease of space or buildings that are not in use or are underutilized.

Number 1346

CHAIR WILSON pointed out that this is new verbiage that has not been in statute before now. The state is looking ahead, she added.

A roll call vote was taken. Representatives Cissna, Kapsner, Coghill, Seaton, and Wilson voted in favor of Amendment 1. Representatives Gatto and Wolf voted against it. Therefore, Amendment 1 was adopted by a vote of 5-2.

Number 1275

REPRESENTATIVE CISSNA moved to report CSHB 440 as amended out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 440 (HES) was reported out of the House Health, Education and Social Services Standing Committee.

**ADJOURNMENT**

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at 4:21 p.m.