

HOUSE FINANCE COMMITTEE  
March 2, 2005  
1:44 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:44:45 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Eric Croft  
Representative Richard Foster  
Representative Mike Hawker  
Representative Jim Holm  
Representative Reggie Joule  
Representative Carl Moses  
Representative Bruce Weyhrauch

MEMBERS ABSENT

Representative Mike Kelly

ALSO PRESENT

Representative Tom Anderson, Sponsor; Jon Bittner, Staff,  
Representative Tom Anderson; Grey Mitchell, Director,  
Division of Labor Standards and Safety, Department of Labor  
and Workforce Development; Jeff DeSmet, President, Southeast  
Home Builders Association, Juneau; John Bitney, Lobbyist,  
Alaska State Home Building Association (ASHBA); Shannon  
Straube, Staff, Senator Ben Stevens; Diane Casto, Manager,  
Division of Behavior Health, Department of Health and Social  
Services; Pat Davidson, Legislative Auditor, Legislative  
Audit Division; Alan Wilson, Southeast Alaska Building  
Association, Juneau

PRESENT VIA TELECONFERENCE

Tom Larkin, Unregistered Contractor, Fairbanks; Dave  
Dillard, Alaska Home Builders, Fairbanks; Richard Tilly,  
Alaska Home Builders, Fairbanks; Jack Hebert, Alaska Home  
Builders, Fairbanks; Mike Musick, Fairbanks; Roger Nash,  
Real Estate Appraiser, Fairbanks; William Bruu, Matsu;  
Rockwell Smith, Preferred Plumbing and Heating, Kenai;  
Jeremy Riddle, General Contractor, Fairbanks; Wally Smith,  
General Contractor, Fairbanks

SUMMARY

HB 81 An Act establishing an administrative fine and procedure for construction contractors in certain circumstances; increasing the amount of a civil penalty for persons acting in the capacity of contractors or home inspectors; modifying the elements of a crime involving contractor registration and residential contractors; and exempting the administrative hearings for imposing an administrative fine on construction contractors from the hearings conducted by the office of administrative hearings in the Department of Administration.

HB 81 was HEARD and HELD in Committee for further consideration.

SB 60 An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date.

SB 60 was HEARD and HELD in Committee for further consideration.

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#HB81

HOUSE BILL NO. 81

An Act establishing an administrative fine and procedure for construction contractors in certain circumstances; increasing the amount of a civil penalty for persons acting in the capacity of contractors or home inspectors; modifying the elements of a crime involving contractor registration and residential contractors; and exempting the administrative hearings for imposing an administrative fine on construction contractors from the hearings conducted by the office of administrative hearings in the Department of Administration.

[1:45:43 PM](#)

REPRESENTATIVE TOM ANDERSON, SPONSOR, explained that under current law, the State of Alaska investigates and enforces violations of construction contractor laws. Both the Department of Labor and Commerce and the Department of Community & Economic Development have authority to pursue violations of work performed by unregistered construction contractors. For the most part, they rely upon the public complaints and follow up with investigations. Under current

laws, these agencies enforce violation by issuing citations. After a citation is issued, the impetus falls to the Department of Law as to whether or not to prosecute the matter in Court.

Representative Anderson noted that with over 1,600 unregistered contractors operating under the exemption, numerous reports have been made about the unregistered businesses offering construction services in violation of the laws. Enforcement efforts have proven to be difficult and many consumers are unaware their contractor may not be qualified to provide construction services and have little or no insurance and warranty protections.

HB 81 would amend the law to allow the Department of Labor and the Department of Commerce, Community & Economic Development to issue civil penalties for violations. Instead of going through the Department of Law, a violator would either pay a fine (proposed at \$1,000 for the first violation and \$1,500 for subsequent violations) or appeal to an administrative hearing officer. The system would be much more effective toward penalizing first-time violations quickly and effectively. The departments would retain the option of going through the current criminal violation process if the fines do not deter a violator.

Representative Anderson pointed out a loophole in the contractor exemption statutes that allows small contracting companies to operate without a license. That has also been closed. Previously, an individual could file for an exemption and build a residential or commercial property every year. Under HB 81, the time limit between buildings would be raised to 2 years of occupancy. Individuals, who need to, could file for a hardship waiver to build another property before the two-year minimum.

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Representative Anderson pointed out that HB 81 had been changed at the request of Representative Rokeberg that the builder occupy the house they built for no less than two consecutive years. In the original bill, the contractor would have to live in the house for three consecutive years. The intent of the legislation is to curb situations in which offsprings of contractors construct houses and then sell them quickly. He interjected that they are building a home every year and then claiming it as their residence. They are abusing their privileges. HB 81 requires that if you are not a registered general contractor, the builder must live in the structure for at least two years.

Representative Anderson urged the Committee's support of the legislation, pointing out that the community homebuilder associations are in support of it.

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Representative Croft inquired what are the requirements for a contractor outside of bonding and licensing. He asked the price of a bond. Representative Anderson did not know.

Representative Croft questioned if the contractors license could be pulled if they were not operating ethically. Representative Anderson replied it could. If the builder did not have the license and bonding and they built a defective home, the buyer would have no recourse.

Representative Croft asked if the money gathered from fines could be used for enforcement. Representative Anderson replied that language had not been included. Co-Chair Meyer agreed it was a good idea.

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Representative Holm observed that not everyone gets a residential endorsement on a contractors bond.

Co-Chair Chenault inquired how many fines per year are levied and what the newly proposed increase would be. Representative Anderson recommended that someone from the Department address that question.

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GREY MITCHELL, DIRECTOR, DIVISION OF LABOR STANDARDS AND SAFETY, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, advised that essentially there are 250 assist orders issued per year and relatively few fines issued. Over the past five years, perhaps only a dozen have proceeded through the criminal system, resulting in a fine. He stressed that it is difficult to reach the level of proof required in criminal prosecution, which is the reason for HB 81.

Representative Holm interjected that it should not be considered criminal status for a person attempting to "feed their family". He questioned how far the bar could be raised.

Mr. Mitchell advised that is the reason that the bill makes sense. Currently, the only enforcement action is to pursue a criminal prosecution. The legislation establishes another mechanism to address violations. The builder would have a new consideration in regards to the administrative fine. Essentially, there would be a quicker result for those that are following the rules. Additionally, it protects the public. HB 81 attempts to make it easier, making a penalty that fits the violation.

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Representative Croft asked how onerous are the requirements for a contractor to get licensed and bonding. Mr. Mitchell did not know bonding costs.

Representative Croft asked how involved of a process was it to get a license. Mr. Mitchell explained it is an application process through the Division of Occupational Licensing. After the application is filled out, proof must be submitted for bonding and insurance requirements. Mr. Mitchell did not know the turn around time for that. Also, there is a residential endorsement test for the general contractors building single-family residences.

Representative Croft inquired if the main cost would be the insurance requirement. Mr. Mitchell stated that was not his area of expertise.

Representative Weyhrauch asked about Section 3, the injunction civil penalty. He asked why the Department of Commerce, Community & Economic Development and Department of Labor & Workforce Development had been singled out rather than just saying the State of Alaska. He pointed out that the Department of Law is the agency that would institute the action. Mr. Mitchell did not know, recommending that the sponsor address that. He pointed out that he had not been involved in drafting the legislation; however, assumed that the reason those two departments had been listed was because they are the ones that have authority over contractor licensing.

JON BITTNER, STAFF, REPRESENTATIVE TOM ANDERSON, pointed out that language is in current statute.

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In response to further questioning by Representative Weyhrauch, Mr. Mitchell explained that the separation results from the two different licenses being discussed.

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JEFF DESMET, PRESIDENT, SOUTHEAST HOME BUILDERS ASSOCIATION, JUNEAU, voiced strong support for HB 81. He addressed questions and concerns of the Committee, referencing a situation in Juneau, where a confrontation was made over a loophole regarding whether the contractor was a registered licensed contractor and then selling his own owner built home within sixty days. That contractor violated the law's intent. He did not have a general contractors license, violated the residential endorsement and the intent of the law. He plumbed and wired the house himself, violating the mechanical code. Mr. DeSmet added that the builder had

hired illegal subcontractors that he did not have proper insurance.

Mr. DeSmet stressed that contracting is expensive and that being in business is expensive but not impossible.

Mr. DeSmet noted that the law stipulates that a handyman can operate within a \$5,000 dollar limit. The builders associations welcome people that do those jobs and stays within that limit. He mentioned that over the years, he has formed relationships with all the various law enforcers and that during that time, only one of his requests had been impacted.

Mr. DeSmet reiterated his support for the legislation.

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Vice-Chair Stoltze noted that he supported the requirements and asked if the banking industry provided any safeguards around the concern. Mr. DeSmet explained that bankers are eager to make loans. The building associations prefer not to spend time mediating problems when the bank is left holding the bag. In some of situations, the banks do not deal with the owner/builder. The market is competitive and the bank has to weigh the options.

Vice-Chair Stoltze questioned if houses in Juneau were moving so quickly that the banks just "blink and nod". Mr. DeSmet responded that bankers do not want to deal with owner/builders but if they have a financial package, the bank will usually take the risk.

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Representative Foster inquired where the examples mentioned by Mr. DeSmet had occurred. Mr. DeSmet replied in Juneau.

Representative Foster asked which populations of the State, the bill would be affecting. He indicated his confusion with the language indicating less than 1,000 residents. Mr. DeSmet understood that the exemptions apply to what is indicated in the language and that there would be no exemptions in Juneau or Anchorage. Co-Chair Meyer recommended the sponsor answer that query.

Representative Croft summarized that a problem exists because if there is a problem with the built house, the builder might not have the bonding or insurance to insure repairs. The buyer would then have no recourse. Mr. DeSmet acknowledged that was correct. The buyer could possibly go after the builder's personal assets.

Representative Croft inquired how much insurance costs per year. Mr. DeSmet replied for a small volume builder, the contractors is required to buy a general contractors license, exclusive for residential, renewable every two years at \$250 dollars. A residential endorsement requirement is \$100 dollars for a two year period; however, along with that comes the requirement for 16-hours of continuing education units for every license period. For a new comer, the handyman stepping into the next realm, there is an arctic engineering class required. It is not impossible to take that test and the test is not as difficult as the administered in California.

Mr. DeSmet noted that it costs about \$600 per year for the bonding of \$10,000. Liability insurance has become problematic and costs \$5,000 to \$8,000 per year, based on the gross income sales. A policy limit would be at least \$100,000 dollars. He added that it is getting more difficult to find liability insurance.

Representative Croft assumed that insurance is the largest cost. He asked why the "handymen" are not becoming contractors. Mr. DeSmet responded that through a loophole, they end up "putting more money in their pocket". Their selling rates are often the same as the general contractors but they end up making more money by doing a "cash" business.

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Mr. DeSmet pointed out that it makes the professionals look bad given the faulty workmanship.

Mr. Bittner revisited Representative Foster's concern noting that both provisions would have to be met:

- A community would have to be less than a 1,000 and
- Not connected by a road to Fairbanks or Anchorage.

Representative Foster pointed out that Nome would not be exempt as there are over 1,000 residents. Mr. Bittner claimed that was correct. He reiterated that if there are over 1,000 residents, the community does not get an exemption.

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TODD LARKIN, (TESTIFIED VIA TELECONFERENCE), UNREGISTERED CONTRACTOR, FAIRBANKS, testified against the proposed legislation, noting that he was a handyman in the Fairbanks area. He added that he does "punch lists" for registered general contractors working on projects far in excess of \$5,000 dollars. In current law, it is questionable if

working for those contractors is legal. If the law passes, he believed that he would be legal one day and a criminal the next.

Mr. Larkin encouraged the Committee to take an alternative route that would protect consumers. He commented that the bill contradicts its own premise. If a citizen is qualified to act as their own contractor, then that same person should be qualified to build a house every month. Mr. Larkin claimed that if occupancy is the standard but which the problems of poor building appear, at the very least, the occupancy requirement should be replaced with an alternative, possibly two years occupancy or three years rental history with the owner/operator acting as landlord. He believed that within three years, every consumer problem would come to light.

Mr. Larkin pointed out that there are strong disclosure laws in the State of Alaska and that the banks are a self-policing agent. He believed that could be a powerful force in the market.

Mr. Larken voiced concern that passage of the legislation would put him in danger of citation, making his business practices illegal. He urged that the Committee consider that the bill would raise rates to consumers. If the goal is consumer protection, there are other avenues. The occupancy permit could be augmented by a possible rental policy or making builders directly liable for the homes that they build, by making standards statutorily constructed with a three-year warranty for every house built. He mentioned costs associated with civil litigation. Mr. Larken believed that if proof were set in law, the bad builders would go bankrupt.

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DAVE DILLARD, (TESTIFIED VIA TELECONFERENCE), PRESIDENT, ALASKA HOME BUILDERS, FAIRBANKS, spoke to market competition. He acknowledged that the industry needs to have handymen. They need to be included in the market place for those jobs under \$5,000 dollars. However, for projects over \$5,000, it could be possible to work for the general contractor and then the builder would be covered by workman's comp. He reiterated that good, qualified handymen are important.

Mr. Dillard continued, if everyone takes responsibility for the work that they do, the legislation would not be needed. The largest problem is the home/owner builder, who sells the built house quickly. He warned that costs associated with insurance are high, continuing to "sky rocket" and that workmen's compensation insurance costs are incredible. This year, those costs are anticipated to be 26% of the gross

sales. Mr. Dillard urged that the Legislature help to address these problems.

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RICHARD TILLY, (TESTIFIED VIA TELECONFERENCE), ALASKA HOME BUILDERS, FAIRBANKS, commented on the section of the bill addressing whether the home was occupied by the builder and the length of time for occupancy. He emphasized that there are numerous builders statewide following the rules. The other ones that are building the homes are not doing the work legitimately. They are committing a crime.

Mr. Tilly spoke to high insurance costs. He pointed out that if there were an accident on the premise, it then becomes the homeowner's responsibility if the builder is not insured.

Mr. Tilly echoed his support for the bill. He acknowledged that there is a place for the handyman in the market, handling jobs under \$5,000 dollars. He requested that the Legislature deal with the builders that are circumventing rules and laws.

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JACK HEBERT, (TESTIFIED VIA TELECONFERENCE), ALASKA HOME BUILDERS, FAIRBANKS, noted that he has been designing and building in Interior Alaska since 1973. He urged passage of the legislation. He agreed that the tradition of building ones own homes is ingrained and clearly what the owner/builder is all about. However, Alaska has grown in complexity and the costs of being in business are complicated and expensive. The issue needs to be addressed and must be regulated. He stressed that the liabilities are "killers" for the industry.

Representative Holm asked if the legislation would have ramifications on "closed shop" in the industry or required union participation versus non-union work. Mr. Hebert responded that he is personally is an "open" union shop. The option is given on the residential side. He noted that his agreement with the union is that he can hire either union or non-union workers. He noted that working with the Fairbanks unions has been flexible. He pointed out that workers sometimes prefer the union option so that they can get affordable health insurance. He commented that union involvement was not the issue.

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MIKE MUSICK, (TESTIFIED VIA TELECONFERENCE), PRESIDENT, INTERIOR BUILDING ASSOCIATION, FAIRBANKS, voiced support for the legislation. He pointed out that the difference between

himself and the handyman is that the general contractor has to go through 16 hours continuing education every year two years in order to be able to better understand the physics of how buildings operate. That differs from someone coming in from out of state. He informed members that those trainings relate to Alaskan concerns. He urged that the bar be raised so that all builders are trained properly.

Representative Holm mentioned vapor barrier concerns. Mr. Musick explained that when vapor barriers are improperly installed, the relative humidity and temperature can rot the structure to the extent that it could break the framing within five years.

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JEREMY RIDDLE, (TESTIFIED VIA TELECONFERENCE), FAIRBANKS, commented on his personal business practices. He pointed out that those that are operating illegally had undercut him. He emphasized that a handyman license allows a builder to be in business with zero overhead. When someone does not have to carry the expense of insurance and bonding undercuts the contractor, it puts all employees at risk. Builders cannot compete with someone that is not carrying the burden. Mr. Riddle stressed that the legislation would protect the consumer and eliminates unfair advantages for the "owner-builder" contracts.

ROGER NASH, (TESTIFIED VIA TELECONFERENCE), REALTY APPRAISER, FAIRBANKS, spoke in support of HB 81. He noted that responsibility for quality falls back to the appraiser.

WALLY SMITH, (TESTIFIED VIA TELECONFERENCE), GENERAL CONTRACTOR, FAIRBANKS, voiced support for the legislation. He noted that he does small remodel projects and deals with handymen that do not have education, insurance or consumer protection. He urged that the regulations be enforced.

WILLIAM BRUU, (TESTIFIED VIA TELECONFERENCE), INSPECTOR, MATSU, addressed the exemption of applying the bill in rural Alaska. He recounted numerous homes he had inspected in rural Alaska. He felt that the rules should be enforced. That part of Alaska should no longer be exempted as the legislation is designed to protect the consumer. Rural Alaska is being "victimized" by contractors that are not licensed or bonded.

Vice-Chair Stoltze pointed out that there are fewer rural exemptions than in the past. Mr. Bruu asked that any exemption in rural Alaska be eliminated, as it is unfair to those people living in such severe conditions.

ROCKWELL SMITH, (TESTIFIED VIA TELECONFERENCE), PREFERRED PLUMBING AND HEATING, KENAI, testified in support of HB 81.

He noted that he has held an Alaskan plumbing license and has been a mechanical contractor for 25 years, with over 15 full-time employees. He provided an overview of the building process on the Kenai Peninsula. Inside the city limits of Kenai, Soldotna & Seward, general contractors must apply for a building permit and post bond permits at the job site before beginning.

Mr. Smith overviewed a list of licensing infractions that he had seen in the recent past. He cited specific examples. The problem is not with competition but with unfair competition, poor workmanship and improper training, which can result in hazardous situations and code violations. The concerns can be remedied. Laws need to be enforced as well as the penalties.

Mr. Smith pointed out at present, the impetus to take the mechanical, electrical, or general contractors exam, obtain insurance and bonding, and complete the continuing education required in order to retain the license is non-existent. He stressed that enforcement is lax, penalties are weak, and the building community has a "blind eye" to the violations, which costs honest, legitimate businesses money, shortchanges consumers, and undermines public safety standards and building codes.

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Vice-Chair Stoltze asked if it is difficult to get a building permit in Juneau.

ALAN WILSON, SOUTHEAST ALASKA BUILDING ASSOCIATION, JUNEAU, replied that it is difficult. He echoed sentiments of previous testimony regarding the urgent need for the legislation.

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Co-Chair Meyer noted that the bill would be held in Committee to address some of the issues raised.

HB 81 was HELD in Committee for further consideration.

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#SB60  
SENATE BILL NO. 60

An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date.

SHANNON STRAUBE, STAFF, SENATOR BEN STEVENS, stated that suicide is an Alaskan tragedy. On average, suicide takes 130 Alaskans every year, which is nearly twice the national average. With Alaska's large geography, multiple cultures, and many communities, addressing suicide is a complicated matter.

Ms. Straube continued, in 2001, the 22<sup>nd</sup> Alaska State Legislature enacted legislation that created the Statewide Suicide Prevention Council (SSPC) and tasked it with the mission to reduce suicide through coordination with public and private entities as well as its own initiatives, and broaden suicide awareness. Under A.S. 44.29.350, the Council is charged with advising the Legislature and the Governor on "actions that can and should be taken to improve health and wellness throughout the State by reducing suicide and its effect on individuals, families and communities."

The Council is made up of 15 members. In addition to legislative and executive branch members, there are nine public members. The public appointments represent a broad spectrum of individuals from rural and urban communities, clergy, youth, and behavioral health community. There is one part-time staff person to coordinate council activities.

Ms. Straube noted that among the Council's accomplishments is a statewide suicide prevention plan. The plan sets up goals and strategies for suicide prevention. Currently, the Council is also in the process of implementing a Follow Back Study and a public awareness campaign. The media campaign fulfills the Council's mission to educate Alaskans on suicide and its devastating effects.

Ms. Straube continued that the findings from a recently conducted sunset audit recommend the SSPC continue the work of research, broadening public awareness, collaborating prevention and intervention efforts around the State and in making recommendations to the Governor and Legislature.

Ms. Straube concluded that SB 60 extends the termination date of the Council to 2009, which will allow the statewide Suicide Prevention Council to continue in the work.

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PAT DAVIDSON, LEGISLATIVE AUDITOR, LEGISLATIVE AUDIT DIVISION, noted that the Division conducted an audit to determine if the termination date for the Suicide Prevention Council should be extended.

She pointed out that the Council advises the Legislature and the Governor on suicide and suicide prevention in Alaska. Recently, the Council completed a statewide suicide prevention plan, which establishes goals and strategies for

suicide prevention. The Council has been providing suicide prevention training, coordinating statewide suicide prevention efforts and provides technical assistance to communities as they develop their own plans. The Council has been operating in public interest in a manner consistent with its statutory responsibilities.

Ms. Davidson noted that the termination date for the Council is June 30, 2005; the Division recommends that the termination date be extended until June 30, 2009.

She continued, during the review, the Division identified that Council funds were misspent by the Department of Health and Social Services. Additionally, unclear communications between the Department and the Council about available funds resulted in the Council curtailing some activities and ultimately, lapsing over 60% of the original funding.

Ms. Davidson advised that in the report, the Division has made recommendations for improvements including:

- 1. That the community based suicide prevention grants issued by the Department of Health and Social Services, conform to the recently developed statewide suicide prevention plan. The Division is not recommending that the Council become involved in the grant making process; rather the Department of Health & Social Services staff modify the grant application process so that communities read the statewide suicide prevention plan and certify that the grant for their local plan is consistent with the State plan.
- 2. That the Department of Health and Social Services establish a more formalized and helpful system of reporting financial information to the Council. It is not clear where the flow of financial information between the Department and the Council went awry. However, given the Department's resources and sophistication in obtaining financial information, the Division believes it is incumbent on them to ensure the Council clearly understands their financial situation.
- 3. Besides the lack of effective access to FY04 funds, the Council was hampered by delays in appointment of members. The Legislative Audit Division recommends that the Office of the Governor make appointments to the Council in a timely manner.

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Co-Chair Chenault voiced his appreciation that the Division had provided important information. He noted his concern with the impact of the fiscal note.

Representative Hawker requested further information regarding the fiscal note.

Ms. Davidson referenced Page 6 of the Audit Report. (Copy on File). Page 6 provides a summary of the FY04 spending.

- \$35,000 dollars was spent on Council related activities, which represents 20% of the budget.
- \$32,000 was spent for office furnishings for the information technology systems within the Department. The Division has identified that as a concern. Statute addresses reimbursable service agreements and requires that services be billed on actual and specific costs or a cost allocation methodology. Those costs were not specified costs. The Division looked at the reasonableness of that amount coming out of the budget. The cost did not have an allocation plan.
- The Council lapsed \$95,000 dollars into various working reserves accounts in the general fund.

Representative Hawker voiced concern that the Administration had placed the Council in that situation. The Reimbursable Service Agreement (RSA) makes the legislative budget difficult. He questioned the furniture costs for the Council. Ms. Davidson stated that those funds were used to purchase furnishings for the information technology group.

Representative Hawker emphasized that problem, and that the Committee should address it. He questioned if there was a mechanism in place to help keep spending in line.

Ms. Davidson advised that spending was a violation of statute. A small cost associated with the Council could be used in support of department-wide information technology, but clearly not that amount of their budget. There are statutes in place to prevent that. She did not know of anything that could be done on a budgetary basis.

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Representative Hawker stated that would be an appropriate question for the Department.

DIANE CASTO, MANAGER, PREVENTION AND EARLY INTERVENTION SERVICES FOR THE DIVISION OF BEHAVIOR HEALTH, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, advised that she had been a part of the conversations regarding the audit and the concerns of the Department. The Department is aware of these concerns and is committed to "not falling down that road again". They have made a commitment to monitor the actions more carefully. The Department was in the midst of a major

reorganization and new people were coming in and out of the newly formed Division of Behavioral Health. The Council was one of the entities that got "lost" as their coordinator had quit. Ms. Casto pointed out that there are many oversights that lead to the confusion. She reiterated that the Department is committed to doing better monitoring.

Vice-Chair Stoltze stated that the Suicide Prevention Council is so important and that he felt outraged at that type of abuse.

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Representative Joule inquired if the bill would be held in Committee. Co-Chair Meyer replied that it would and requested that the Department be present with the Director of Administrative Services.

Representative Joule noted that the Council has been tasked with very heavy responsibilities and that the Legislature cannot sit by idly with that type of interference.

Co-Chair Chenault expressed how "upsetting" it is to see that amount of money being spent on such projects. The Council is tasked with an important job and if they do not have the ability to run the Council in an appropriate way, then they are impaired.

Co-Chair Chenault questioned what has happened on the Council since inception. He requested that a Council member be present at the next meeting to discuss these concerns. He wanted to know their goals in the future and how that money related to what has been spent.

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Representative Weyhrauch pointed out that the Director of the Division of Administrative Services also the Finance Manager of Services, should be present to discuss these concerns. He reiterated the importance of the questions. He pointed out the fact that the auditor assessed the situation and the Department's response was defensive. He referenced a letter dated December 27<sup>th</sup>, 2004. Representative Weyhrauch urged more accountability.

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Representative Joule asked if the Council was closer to hiring a coordinator. Ms. Casto noted that Kathy Kraft is the current coordinator for the Council, as part time work. Originally, it was a full time position and Mary Carlson was then the coordinator. The current plan is to look for a more permanent fulltime coordinator. Ms. Casto did not know the timeline.

Representative Hawker recommended that the Committee "expand the thought process" regarding the issue. He stated that there are a number of councils that are not consolidated within the Department of Health & Social Services budget such as:

- Mental Health Board
- Alcohol and Drug Abuse Advisory Board
- Commission on Aging
- Suicide Prevention Council

Representative Hawker recommended a more consolidated approach, which might provide a better management structure. He asked consideration of the discussion whether or not there could be a more effective manner in dealing with the concerns and bring them together in a more consolidated approach.

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Co-Chair Meyer noted that SB 60 would be held for further deliberation.

SB 60 was HELD in Committee for further consideration.  
#

ADJOURNMENT

The meeting was adjourned at 3:29 P.M.