

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

March 29, 2005

3:50 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Paul Seaton, Vice Chair
Representative Tom Anderson
Representative Vic Kohring
Representative Lesil McGuire
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 128

"An Act establishing the Alaska Schools Physical Activity Task Force."

- MOVED CSHB 128(HES) OUT OF COMMITTEE

HOUSE BILL NO. 13

"An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

- HEARD AND HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 31

"An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations."

- MOVED SSHB 31 OUT OF COMMITTEE

HOUSE BILL NO. 186

"An Act relating to quarterly payments of a permanent fund dividend, and to a permanent fund dividend and eligibility for public assistance; and providing for an effective date."

- MOVED HB 186 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 128

SHORT TITLE: SCHOOLS PHYSICAL ACTIVITY TASK FORCE

SPONSOR(S): REPRESENTATIVE(S) MCGUIRE

02/04/05 (H) READ THE FIRST TIME - REFERRALS
02/04/05 (H) EDU, HES, FIN
02/24/05 (H) EDU AT 11:00 AM CAPITOL 106
02/24/05 (H) -- Meeting Canceled --
03/03/05 (H) EDU AT 11:00 AM CAPITOL 106
03/03/05 (H) Heard & Held
03/03/05 (H) MINUTE(EDU)
03/08/05 (H) EDU AT 11:00 AM CAPITOL 106
03/08/05 (H) Moved CSHB 128(EDU) Out of Committee
03/08/05 (H) MINUTE(EDU)
03/09/05 (H) EDU RPT CS(EDU) 7DP
03/09/05 (H) DP: GARA, GATTO, WILSON, THOMAS,
SALMON, LYNN, NEUMAN
03/29/05 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 13

SHORT TITLE: SCHOOL CONSTRUCTION BOND REIMBURSEMENT

SPONSOR(S): REPRESENTATIVE(S) GATTO, GRUENBERG

01/10/05 (H) PREFILE RELEASED 12/30/04
01/10/05 (H) READ THE FIRST TIME - REFERRALS
01/10/05 (H) EDU, HES, FIN
01/25/05 (H) EDU AT 11:00 AM CAPITOL 106
01/25/05 (H) -- Meeting Canceled --
02/01/05 (H) EDU AT 11:00 AM CAPITOL 106
02/01/05 (H) Heard & Held
02/01/05 (H) MINUTE(EDU)
02/22/05 (H) EDU AT 11:00 AM CAPITOL 106
02/22/05 (H) -- Meeting Canceled --
03/03/05 (H) EDU AT 11:00 AM CAPITOL 106
03/03/05 (H) Moved Out of Committee
03/03/05 (H) MINUTE(EDU)
03/04/05 (H) EDU RPT 5DP
03/04/05 (H) DP: GARA, GATTO, WILSON, THOMAS, NEUMAN
03/15/05 (H) HES AT 3:00 PM CAPITOL 106
03/15/05 (H) Scheduled But Not Heard
03/22/05 (H) HES AT 3:00 PM CAPITOL 106
03/22/05 (H) <subcommittee meeting>
03/22/05 (H) MINUTE (HES)
03/29/05 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 31

SHORT TITLE: WORKERS' COMP: DISEASE PRESUMPTION

SPONSOR(S): REPRESENTATIVE(S) ANDERSON

01/10/05 (H) PREFILE RELEASED 12/30/04
01/10/05 (H) READ THE FIRST TIME - REFERRALS
01/10/05 (H) L&C, HES, FIN
02/09/05 (H) L&C AT 3:15 PM CAPITOL 17
02/09/05 (H) Heard & Held
02/09/05 (H) MINUTE(L&C)
03/04/05 (H) SPONSOR SUBSTITUTE INTRODUCED
03/04/05 (H) READ THE FIRST TIME - REFERRALS
03/04/05 (H) L&C, HES, FIN
03/04/05 (H) L&C AT 3:15 PM CAPITOL 17
03/04/05 (H) Moved Out of Committee
03/04/05 (H) MINUTE(L&C)
03/07/05 (H) L&C RPT 4DP 3NR
03/07/05 (H) DP: CRAWFORD, LYNN, GUTTENBERG,
ANDERSON;
03/07/05 (H) NR: KOTT, LEDOUX, ROKEBERG
03/29/05 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 186

SHORT TITLE: PERMANENT FUND: QUARTERLY PAYMENTS

SPONSOR(S): REPRESENTATIVE(S) RAMRAS

02/28/05 (H) READ THE FIRST TIME - REFERRALS
02/28/05 (H) STA, HES, FIN
03/17/05 (H) STA AT 8:00 AM CAPITOL 106
03/17/05 (H) Scheduled But Not Heard
03/19/05 (H) STA AT 9:30 AM CAPITOL 106
03/19/05 (H) Moved Out of Committee
03/19/05 (H) MINUTE(STA)
03/21/05 (H) STA RPT 2DP 1DNP 3NR 1AM
03/21/05 (H) DP: ELKINS, RAMRAS;
03/21/05 (H) DNP: GARDNER;
03/21/05 (H) NR: LYNN, GRUENBERG, SEATON;
03/21/05 (H) AM: GATTO
03/29/05 (H) HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

PETER MJOS, M.D.
Take Heart Alaska
Epidemiology Section
Division of Public Health
Department of Health and Social Services (DHSS)

Anchorage, Alaska
POSITION STATEMENT: Provided comments during discussion of
HB 128.

LARRY WIGET, Director
Government Relations
Anchorage School District (ASD)
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 128.

PATRICIA G. OWEN, Health Program Manager II
Division of Public Health
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 128 and
suggested an amendment.

BOB URATA, M.D., President-elect
Pacific Mountain Affiliate
American Heart Association
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 128.

REPRESENTATIVE CARL GATTO
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Testified as one of the prime sponsors of
HB 13.

REPRESENTATIVE MAX GRUENBERG
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Testified as one of the prime sponsors of
HB 13.

KIM FLOYD, Public Information Specialist
Public Information and Media Relations
Matanuska-Susitna Borough School District
Matanuska-Susitna Borough
Palmer, Alaska
POSITION STATEMENT: During discussion of HB 13, provided
comments and responded to a question.

EDDY JEANS, Director
School Finance
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Responded to questions during discussion of HB 13.

JON BITTNER, Staff
to Representative Anderson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SSHB 31 on behalf of the sponsor, Representative Anderson.

ERIK TUOTT, Anchorage Local Representative
Alaska Professional Fire Fighters
International Association of Fire Fighters (IAFF)
American Federation of Labor and Congress of Industrial
Organizations (AFL-CIO) Central Labor Council (CLC)
Anchorage, Alaska

POSITION STATEMENT: During discussion of SSHB 31, provided comments and responded to a question.

REBECCA BOLLING, R.N., B.S.N., President
Alaska Nurses Association (AaNA)
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of the original legislation - HB 31 - and expressed concerns regarding SSHB 31.

KEVIN SMITH, Executive Director
Joint Insurance Association, Inc. (JIA)
Alaska Municipal League (AML)
Anchorage, Alaska

POSITION STATEMENT: During discussion of SSHB 31, expressed concerns and responded to a question.

JEFF BUSH, Executive Director
Alaska Public Entity Insurance (APEI)
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to SSHB 31.

REPRESENTATIVE JAY RAMRAS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 186.

PAUL DICK, Chief
PFD Operations
Permanent Fund Dividend Division
Department of Revenue (DOR)
Juneau, Alaska

POSITION STATEMENT: During discussion of HB 186, provided comments and responded to questions.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social Services Standing Committee meeting to order at [3:50:42 PM](#). Representatives Wilson, Seaton, and McGuire were present at the call to order. Representatives Kohring, Anderson, Cissna and Gardner arrived as the meeting was in progress.

HB 128 - SCHOOLS PHYSICAL ACTIVITY TASK FORCE

CHAIR WILSON announced that the first order of business would be HOUSE BILL NO. 128, "An Act establishing the Alaska Schools Physical Activity Task Force." [Before the committee was CSHB 128(EDU).]

[3:51:27 PM](#)

REPRESENTATIVE MCGUIRE, speaking as the sponsor of HB 128, offered her understanding that childhood obesity has become an epidemic in the United States. She emphasized the importance of physical education and routine exercise as a means to tackle obesity. She said that there has been a tremendous cultural and sociological shift in American culture, and thus more and more children are participating in sedentary activities and consuming more food than in the past.

REPRESENTATIVE MCGUIRE explained that Dr. Peter Mjos in Anchorage brought the [idea of this legislation] to her. Schools are dealing with several issues now, as a result of the No Child Left Behind (NCLB) Act of 2001, and so she decided to not simply create another unfunded mandate, she relayed; instead, the creation of a task force will enable many people to come together and use their energy to create solutions that will enable more physical activity for children within schools. She pointed out that this will be a complex issue, since the needs in urban school districts vary from those in rural areas.

REPRESENTATIVE MCGUIRE added that there is no fiscal impact, since the task force is composed of volunteers. She said that she would appreciate support from members regarding what she characterized as a very important issue.

REPRESENTATIVE CISSNA commented on the link between physical activity and positive mental health.

3:57:26 PM

PETER MJOS, M.D., Take Heart Alaska, Epidemiology Section, Division of Public Health, Department of Health and Social Services (DHSS), relayed that obesity is a devastating problem but is both reversible and preventable. He said:

The key, of course, is calories in and calories out, and it is the "calories out" of which this bill is concerned. The purpose of HB 128, the creation of a multi-disciplinary legislative task force, is to formally introduce to the Alaska legislature the background science and history of a concept developed years ago and supported by nearly every local, state, and federal public health expert, including several U.S. surgeons - ... and [members of Congress], including Senator [Ted] Stevens and [Lisa] Murkowski - ... a concept that is: daily, vigorous, quality, physical activity in every grade, K-12, and perhaps even younger. "Life is movement," said Aristotle, and it was until now.

We are now in the third and fourth generations of completely sedentary families. Those who have lost the will and the ability to exercise, and without the parental role model, children simply do not exercise. Obesity daily captures front-page headlines; drugs, surgery, and miracle diets are not and cannot be substitutes for physical activity. ... Simply put, physically active, physically fit students eat better, sleep better, behave better, feel better, think better, and perform better academically, and they should for life, as lifetime athletes. Daily, physical activity recognizes the whole student - healthy students, athletes, and citizens and, hopefully, for an entire lifetime.

The alternative, of course, is decreased longevity, [a] worsening "syndemic" (ph) cascade of morbid diseases, and costs both unimaginable and potentially bankrupting [of] both state and national treasuries. We must follow the lead of the CDC [Centers for Disease Control and Prevention] and other states and recognize the whole student. Obesity is both preventable and reversible [and], to that end, daily, vigorous, quality, physical activity must be an

imperative, integral, and indispensable part of every student's daily school experience.

CHAIR WILSON commented that she hopes that when the task force meets they will think about supportive ways to enable schools to accomplish some of the mentioned goals.

DR. MJOS stated that without the support of a community, there is little expectation for adults and children to be healthy and fit. He relayed that 70 percent of adults are overweight or obese and have completely fallen out of any exercise routine, and when parents do not exercise, children do not exercise; thus it falls to the school system to institute fitness as an integral part of a healthy lifestyle. The cost to society in terms of disease and dollars would fall dramatically, but additionally there would be a healthy population. He went on to say, "I can tell you, in the halls of my office, in the halls of the hospital, much of what we are seeing now is obesity-related disease, and we simply will not be able to cover the cost of this within another generation or so, it is that serious."

[4:03:00 PM](#)

LARRY WIGET, Director, Government Relations, Anchorage School District (ASD), stated that the ASD supports the passage of HB 128. He said that the ASD believes wellness is important and, that the school board is in the process of putting together its own work session on the issue [of obesity and the lack of physical activity]. He relayed that although the issue will be complex to address, the ASD's administration both applauds and supports HB 128.

[4:04:29 PM](#)

PATRICIA G. OWEN, Health Program Manager II, Division of Public Health, Department of Health and Social Services (DHSS), indicated that she was present in support of HB 128. She explained that the Division of Public Health has several chronic disease prevention programs, including an obesity prevention and control program. She suggested an amendment to HB 128, wherein the [task force] membership would be expanded to include one member from the Department of Health and Social Services.

[4:06:03 PM](#)

REPRESENTATIVE McGUIRE made a motion to adopt Conceptual Amendment 1, to add one more voting member to the task force,

that member being a representative from the Department of Health and Social Services. There being no objection, Conceptual Amendment 1 was adopted.

[4:06:49 PM](#)

BOB URATA, M.D., President-elect, Pacific Mountain Affiliate, American Heart Association, said:

The American Heart Association's mission is to reduce death and disability from heart disease and stroke by 25 percent by 2010 ... I am here to speak in support of HB 128. Obesity is increasing at an alarming rate among our youth and adults in Alaska. Lack of physical activity is a major contributing factor to what is fast becoming an epidemic. According to the 2003 Alaska Youth Risk Behavior Survey [YRBS], 72 percent of high school students did not participate in sufficient, moderate, physical activity in the [week prior] to this survey. Child magazine ranked Alaska children as the nation's least fit children, based on a five-month investigation of state-mandated school fitness and nutritional policies ...; this is to be published in the April 2005 issue of Child magazine.

Among those involved in the study were [the] CDC, [the] American Diabetes Association, [the] American Academy of Pediatrics, [the] American Heart Association, [the] National Association of State Boards of Education, and the National Association of Sports and Physical Education. On March 17, 2005, the New England Journal of Medicine published a report titled, "A Potential Decline of Life Expectancy in the U.S. in the 21st Century"; ... this report notes that two-thirds of the adults in the United States are obese or overweight and that children have the highest rate of increases in obesity. Obesity has a substantial negative effect on longevity, reducing it, by their estimates, ... 5 to 20 years because it increases the risk for heart disease, hypertension, and diabetes.

Therefore, it is possible, according to this report, that our young people's life expectancy will be shorter than ours because of obesity. This is a sobering thought. [The] cost of obesity is about [\$70 billion] to \$100 billion per year; it is estimated

that Alaska spends \$195 million annually [on] direct costs related to obesity. ... Because obesity is a widespread problem, with major, potential negative significance, ... public health intervention is needed. The formation of this task force is a step in the right direction. It is important that these recommendations, however, meet standards adopted by the CDC, and/or the National Association for Sports and Physical Education.

DR. URATA further noted that it is important to make sure that the food offered in vending machines at schools is nutritious.

[4:10:16 PM](#)

CHAIR WILSON indicated that the task force might address the issue of the quality of food offered in vending machines.

DR. URATA said his understanding is that the vending machines provide money to fund activities for schools and thus the [unhealthy] food offered could simply be replaced with more nutritious alternatives.

[4:11:42 PM](#)

REPRESENTATIVE SEATON made a motion to adopt Conceptual Amendment 2:

Page 4, line 7:

Insert a new subsection (f) to read:

"No member shall be allowed access to the public employee retirement system by virtue of compensation or service on this task force"

Reenumerate accordingly.

CHAIR WILSON highlighted that the task force will be totally voluntary.

REPRESENTATIVE ANDERSON objected, saying he didn't believe Conceptual Amendment 2 was necessary.

REPRESENTATIVE SEATON pointed out that subsection (e) on page 4, line 5, exempts members listed in subsection (a)(1)-(5) from compensation, but not the remaining members. He reminded the committee of the upcoming large unfunded liability due to city council members, school board members, et cetera, who receive

minimal compensation, but who are [eligible] for the Public Employees' Retirement System (PERS). Therefore, if an individual serves in the state elsewhere, it adds years to that individual's compensation and requires that his/her PERS be funded proportionally for that service. He charged that the aforementioned should be reviewed for all boards and commissions.

REPRESENTATIVE ANDERSON maintained his objection to Conceptual Amendment 2.

[4:14:11 PM](#)

REPRESENTATIVE GARDNER asked whether it would be more efficient to introduce legislation that would address the issue for all boards and commissions rather than on a case-by-case basis.

REPRESENTATIVE SEATON explained that in establishing this commission, the policy will be that minimally-funded, voluntary positions do not have access to the state health care and retirement system. Although the suggested legislation described by Representative Gardner may be necessary, he opined, a new commission shouldn't be created without addressing the issue in the meantime.

[4:15:21 PM](#)

REPRESENTATIVE McGUIRE agreed that this is probably a good place to start such a policy. She mentioned that although she isn't aware of anyone serving on a task force who qualified for the state's health care and retirement benefits, she believes it wouldn't hurt to be clear. She remarked, however, that the amendment should be clear that an individual would not receive state benefits simply for serving on the task force but would receive those benefits if he/she held a position as a state employee or teacher who happens to be serving on the task force.

CHAIR WILSON asked if Conceptual Amendment 2 should include reference to the Teachers' Retirement System (TRS) as well.

REPRESENTATIVE SEATON said that he would accept that as a friendly amendment to Conceptual Amendment 2. [Conceptual Amendment 2 was treated as amended.]

REPRESENTATIVE ANDERSON withdrew his objection.

CHAIR WILSON, noting that there were no further objections, announced that Conceptual Amendment 2 [as amended] was adopted.

[4:17:36 PM](#)

REPRESENTATIVE ANDERSON moved to report [CSHB 128(EDU)], as amended, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE KOHRING objected. He stated that although this legislation may yield some good information, he questioned whether a task force is necessary and whether the local school board could instead perform the goal of the task force.

REPRESENTATIVE MCGUIRE said the task force is important because a specified deadline under a specified structure raises the level of attention that would be given to the issue. Furthermore, this is a statewide issue, which is appropriate for a legislative task force, as opposed to a local task force, because different branches of government would be brought together. She said that she didn't intend to make another layer of government, and highlighted that the task force has a definite beginning and end.

REPRESENTATIVE KOHRING withdrew his objection.

CHAIR WILSON, noting that there were no further objections to the motion, announced that CSHB 128(HES) was reported from of the House Health, Education and Social Services Standing Committee.

HB 13 - SCHOOL CONSTRUCTION BOND REIMBURSEMENT

[4:22:42 PM](#)

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 13 "An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

REPRESENTATIVE CARL GATTO, Alaska State Legislature, one of the prime sponsors of HB 13, described the incredible growth of student populations in the Matanuska-Susitna ("Mat-Su") valley. He said that the question of what to do with these new students needs to be addressed. House Bill 13, he relayed, allows for the affected communities to bond for a certain amount of money and for the state to match those bonds.

REPRESENTATIVE GATTO explained that three schools would be built in the Mat-Su valley as a result of HB 13. When the community was polled to assess the support of this project, he said, there was 75 percent support [for bond debt reimbursement]. He added that 60 percent of those polled did not have children in the school system.

REPRESENTATIVE MAX GRUENBERG, Alaska State Legislature, one of the prime sponsors of HB 13, said that the bill will benefit many areas that can participate in bond debt reimbursement. He said that in Anchorage, when the voters were polled about the school debt reimbursement, they overwhelmingly approved bonding. He mentioned that HB 13 simply extends the "sunset" date in existing law and would provide funds for bond debt reimbursement through fiscal year (FY) 06.

REPRESENTATIVE CISSNA indicated that HB 13 appears to impact only larger communities, and questioned whether this legislation could serve to [force] people to move to the more populated areas in Alaska. She opined that [Alaska] needs smaller communities, and asked for an explanation as to how HB 13 won't jeopardize such.

[4:31:04 PM](#)

REPRESENTATIVE GRUENBERG said that the intent of HB 13 is not to adversely affect small communities. He stated that he would not object to an amendment that would enable smaller communities to take part in the benefits of this legislation.

REPRESENTATIVE CISSNA offered her belief that it would be impossible for smaller communities to take advantage of legislation such as this. She opined that the ability of smaller communities to protect themselves is dissipating, and that there is small likelihood that the committee will be able to produce an appropriate amendment in quick fashion.

REPRESENTATIVE GRUENBERG indicated, nonetheless, that he would be amenable to such an amendment.

REPRESENTATIVE GATTO said that small communities can utilize direct appropriations to pay for 100 percent of new-school construction or existing-school renovation. He emphasized that more and more students are coming to the Mat-Su Valley and the community is trying to catch up. He pointed out that the alternative [to the construction of new schools] is using

"portables", but that they are significantly inferior and have many undesirable features.

CHAIR WILSON inquired as to why these schools did not take action earlier as the population increased.

REPRESENTATIVE GATTO suggested that Kim Floyd would be better able to address that question.

[4:38:56 PM](#)

REPRESENTATIVE ANDERSON pointed out that there is a disparity [between rural and urban schools]. He posited that this legislation, in addition to helping the Mat-Su community, will help other communities like Anchorage and Kenai.

REPRESENTATIVE GRUENBERG said that in Anchorage, there is a multi-year plan that has been somewhat predicated on the continuing ability of the state to assist communities to plan their capital projects many years in advance. The state, hopefully, within its means, will continue to do some bonding to help out those communities that do not have a large tax base. He relayed that when he talked with members of the Bush caucus, there was interest in establishing a legal framework to have such done on a sustainable basis, that those caucus members would like to see some legislation in place that would allow them to do that on a continuing basis, to plan for capital [projects] in non-municipal areas.

[4:41:50 PM](#)

KIM FLOYD, Public Information Specialist, Public Information and Media Relations, Matanuska-Susitna Borough School District, Matanuska-Susitna Borough, explained that the Mat-Su community has realized that they are going to have to take on additional bond debt for schools, even in the face of rapidly increasing assessments and rising property taxes. She referred to the aforementioned poll, and characterized the results of that poll as phenomenal. She respectfully asked the committee to remember that the new students coming into the district are from all over Alaska, from both urban and rural communities. She emphasized that these students, along with those already living in the community, should have equal opportunities for a quality education, and that overcrowded schools are not the best learning environments.

MS. FLOYD, in response to a question, stated that the Mat-Su community has come to terms with the fact that they are growing more rapidly than was ever expected. She said:

We had just bonded for \$58 million dollars in schools the year before, and increasing assessments resulted in higher property taxes. We had lots of testimony, at the time, of people saying, "please don't raise my taxes anymore, you are going to tax me out of my home." ... That, based on increasing local contributions for the operating costs in schools, really made it difficult for us to go forward with bonds, and we do not believe that at that time our community was at the point where it would have accepted additional bond debt. ... The only conversation we've been having in our community, lately, is about growth and how to deal with it, so I think that that poll that we recently conducted [illustrates] ... that we are maturing as a community and that we all know that we are locally responsible too - not just asking for help from the state, [but] for making sure that our needs are met.

[4:48:07 PM](#)

REPRESENTATIVE SEATON said that several years ago, a proposition went through that addressed the needs of rural and urban school construction and maintenance by offering a three-year window for municipalities to bond with 70 percent reimbursement if they were on the priority list and with 60 percent if they weren't. He pointed out that that proposition created balance between rural and urban communities, and asked how HB 13 will address the needs of rural communities.

REPRESENTATIVE GRUENBERG acknowledging that addressing rural needs has not yet occurred in the committee process, though he has been in touch with Bush caucus members and expects to hear back from them [soon].

REPRESENTATIVE CISSNA emphasized that her concern is that by providing more funding for urban communities, it creates disincentives for remaining in rural communities. She said that she hopes that if people are moving to Anchorage or the Mat-Su it is not because services are being eliminated in rural Alaska.

[4:52:30 PM](#)

REPRESENTATIVE GRUENBERG said he believes that [rural communities] will make their interests known as HB 13 progresses, and that their needs could be addressed later in the legislative process.

CHAIR WILSON remarked on the fiscal note attached to HB 13. She then asked how much the construction of four new schools would cost.

REPRESENTATIVE GATTO offered his understanding that each elementary school would cost \$12 million, that the estimated cost for a high school in the Mat-Su is \$45 million or \$50 million, and that the costs associated with construction and maintenance in Anchorage would be additional. He commented that the Kenai and Mat-Su school districts have rural schools, and that money is [already being] spent to build schools in rural areas.

[4:55:09 PM](#)

EDDY JEANS, Director, School Finance, Department of Education and Early Development (DEED), with regard to the [indeterminate] fiscal note, stated that no new bonds will be issued in time for the 2006 "reimbursement year," and that the DEED has not yet determined what the total cost associated with HB 13 will be.

CHAIR WILSON asked whether the DEED [will make] monetary decisions regarding the allocation of funds [related to HB 13].

MR. JEANS clarified that the legislature will make the decision regarding when to discontinue allowing reimbursement under this program; what HB 13 would do is extend for another year and a half the program that just "sunsetting" in December. He explained that the program would provide 70 percent reimbursement for eligible projects that qualify for that amount if the building of a school is beyond the department's eligibility criteria. He said that the department will get estimates from the school districts, build a budget, and submit that budget to the legislature for an appropriation; it will then be up to the legislature to determine at what level to fund that request.

REPRESENTATIVE SEATON offered his understanding that a recent calculation came to roughly \$200 million for Mat-Su and Anchorage. He asked what the debt schedule would be if those [communities] were reimbursed at 70 percent.

MR. JEANS replied that it would vary depending on the term of the bond issues, on the interest rate that the districts were able to secure, and then, ultimately, on the total principal amount that is authorized.

[4:58:10 PM](#)

REPRESENTATIVE KOHRING stated that his concern is that the Mat-Su could suffer if other areas get issued bonds first, and asked whether such would be possible.

MR. JEANS explained that the way the debt reimbursement program has worked is that there is no priority, and that it is dependent on whether or not the local voters approve a project. The next step, he said, is for the department to do an evaluation to determine the reimbursement level, either 70 or 60 percent, and then it becomes a reimbursable project. He added that this [program] applies strictly to municipal school districts.

REPRESENTATIVE KOHRING commented that it is his understanding that bond debt reimbursement occurred on a "first come, first served" basis.

MR. JEANS said that this particular bill doesn't place any caps; it simply extends the program another year and a half, and is open to all municipalities across the state.

REPRESENTATIVE SEATON asked what amount of funding was allocated as a result of the aforementioned proposition.

MR. JEANS said that \$728 million was allocated over a two-year period. In response to another question, he said, "If you move forward without dealing with the rural issue, ... this simply extends the urban communities' ability to bond for another year and a half; it doesn't provide a whole lot of leverage for the unorganized areas."

[5:02:25 PM](#)

REPRESENTATIVE SEATON opined that the cost involved with the passage of HB 13 would be considerably higher than the estimated amount. He said that he cannot support HB 13 because of the problem of equity between rural and urban districts. He expressed a preference for holding the bill over until the issues raised thus far have been addressed.

REPRESENTATIVE ANDERSON opined that the passage of HB 13 is time sensitive, and relayed that he would question studies which say that there isn't equity in funding. He then advocated for legislation that would consolidate school districts.

REPRESENTATIVE GARDNER said that she is concerned about equity issues, but thinks, too, that [the passage of HB 13] is a time sensitive matter.

[5:06:50 PM](#)

REPRESENTATIVE SEATON posited that [in passing HB 13], the limited monies that are available for education will be put into urban districts that are able to bond.

REPRESENTATIVE CISSNA expressed a preference for holding the bill over in order to try and create more balance. She emphasized that although she does not want to take anything away from the Mat-Su or other communities that are growing, there are other parts of the state that are desperately [in need as well].

CHAIR WILSON indicated a preference for holding HB 13 over.

REPRESENTATIVE GRUENBERG said he is committed to working with people from the Bush communities on the issue of equity, and asked that HB 13 be moved to the Finance Committee.

CHAIR WILSON stated that HB 13 would be held over.

HB 31 - WORKERS' COMP: DISEASE PRESUMPTION

CHAIR WILSON announced that the next order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 31, "An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations."

REPRESENTATIVE ANDERSON, speaking as the sponsor, relayed that his staff would be presenting SSHB 31, that the Alaska Municipal League (AML) has come out in opposition to the bill, and that other states have passed similar legislation and not experienced negative economic consequences.

[5:13:09 PM](#)

JON BITTNER, Staff to Representative Anderson, Alaska State Legislature, sponsor, relayed on behalf of Representative

Anderson that there has been a growing recognition, both nationally and worldwide, regarding the hazards of being a "first responder." Scientific studies have shown that certain cancers and bloodborne diseases occur at significantly higher rates in first responders. Brain cancer and leukemia are two to four times more likely to occur in fire fighters; non-Hodgkin's lymphoma is twice as likely, and skin cancer is three times as likely. The scientific correlation between being a fire fighter or first responder and having an increased likelihood of contracting certain cancers is well documented.

MR. BITTNER relayed that studies from all across America, Canada, and abroad have consistently shown that cancer occurs in fire fighters more often than in the public at large, and some studies compare fire fighters to police, thus eliminating the "healthy-worker bias," because of the top physical condition required to be either a fire fighter or a police officer. He explained that SSHB 31 attempts to afford first responders with protections they deserve, providing a presumption of coverage for fire fighters and first responders if they contract the cancers or bloodborne diseases listed in proposed AS 23.30.121(b)(1), which is located in Section 1 of the bill. Furthermore, SSHB 31 will shift the burden of proof off of the aforementioned individuals and onto their employers.

MR. BITTNER said that there are those who are concerned that passage of SSHB 31 will result in a significant fiscal burden for some communities, but added that he disagrees. He mentioned that members' packets contain testimony from the International Association of Fire Fighters (IAFF) that outlines studies done in various states that have adopted "presumptive illness" legislation and which indicate that there has been no significant fiscal impact in those states even though they have fire fighter populations ranging from 3,700 to 63,000. Furthermore, some form of [presumptive coverage] legislation has been adopted in approximately 38 other states, and none of those states have been bankrupted by such legislation.

MR. BITTNER assured the committee that SSHB 31 does not expand workers' compensation coverage for first responders; instead, it merely protects their right to coverage. A provider will still be able to appeal the worker's claim for coverage and the current burden of proof would apply. He relayed that the sponsor feels that SSHB 31 provides a good balance between what is necessary and what is reasonable for first responders and their employers. In conclusion, he urged the committee to

support SSHB 31 and the brave men and women on whose behalf it was introduced.

MR. BITTNER, in response to questions, said that the language in SSHB 31 was taken directly from Washington statutes, and indicated that proposed AS 23.30.121(b)(3) says:

(3) the presumption established in (1)(C) of this subsection applies only to an active or former fire fighter who has cancer that develops or manifests itself after the fire fighter has served at least 10 years and who was given a qualifying medical examination upon becoming a fire fighter or during employment as a fire fighter that did not show evidence of cancer.

CHAIR WILSON surmised, then, that the reason the states have yet to feel a fiscal impact from this type of legislation is that employees won't be eligible for any benefits for 10 years.

MR. BITTNER mentioned that the 10-year provision is specific to Washington, that other states have earlier thresholds, that some of the states have had "presumptive coverage" legislation since 1986, that there has been a slight increase in the number of claims - roughly .034 percent - and that the threshold in SSHB 31 does not refer to 10 years after passage but rather to 10 years of total fire fighting experience.

REPRESENTATIVE ANDERSON commented on the low percentage of additional claims experienced by Washington, and characterized this as illustrative of what Alaska could expect.

MR. BITTNER concurred, adding that Nevada experienced an average increase of only one case per year.

[5:17:59 PM](#)

CHAIR WILSON asked who would be paying for the qualifying medical examinations referred to in the bill.

MR. BITTNER said that those tests are part of a yearly physical, which fire fighters currently have to endure for employment. In response to a further question, he said he doesn't know who is financially responsible for those exams, but added that others might be better able to address that issue.

CHAIR WILSON offered her understanding that the municipalities are currently responsible for paying for the exams.

REPRESENTATIVE ANDERSON surmised that that might be one reason for municipalities to oppose the legislation.

[5:19:43 PM](#)

ERIK TUOTT, Anchorage Local Representative, Alaska Professional Fire Fighters, International Association of Fire Fighters (IAFF), American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Central Labor Council (CLC), after noting that he's been serving on the Anchorage Fire Department (AFD) for the last three years as a fire fighter and emergency medical technician (EMT), concurred with points made by Mr. Bittner regarding the ten-year provision; relayed that since the adoption of Washington's legislation in 2003, there have only been six claims from a population of over 6,800 fire fighters; and explained that the AFD requires annual health physicals and an initial medical examination, and provides cancer screenings.

[5:21:32 PM](#)

REBECCA BOLLING, R.N., B.S.N., President, Alaska Nurses Association (AaNA), said that the AaNA is in support of HB 31 - the original legislation. With regard to SSHB 31, she said:

The specific aspect of the new section that I would like to speak to with regard to the workers' [compensation] Act is the part that refers to the exposure to bloodborne pathogens such as [human immunodeficiency virus (HIV)] and hepatitis C. These are acquired bloodborne diseases that healthcare workers are continuously exposed to in the course of their employment, through their daily exposure to blood and body fluids. These diseases are devastating and disabling, and healthcare workers such as nurses operating room personnel, fire fighters, first responders, emergency staff, et cetera, are all, ... equally, at risk for exposure.

And it's important [to] provide all healthcare workers this presumptive coverage, and not just fire fighters, first responders, and peace officers, because it's not uncommon for workers' [compensation] claims to be pending for very long periods of time; ... during an investigation, they can take a long time to determine

whether these diseases are actually a result of their employment or if in fact they are a result of their lifestyle. So healthcare workers' medical insurances may also refuse to pay the medical bills while they are off with these diseases, because they contend that the bloodborne disease is obviously a workers' [compensation] claim. And ... workers' compensation may delay or deny benefits because they contend that it was the healthcare worker's lifestyle that caused the illness and not their exposure at work.

So if the committee is concerned about the potential increase in cost to workers' [compensation] ..., a preliminary investigation of states such as Nevada, Idaho, Arizona, Washington, et cetera, who've passed similar legislation, has also shown minimal impact on premiums. So I do urge [you] to enact this bill, but I urge you to enact this bill with all persons [included] who are exposed to human blood and body fluids on a regular basis, and not just limit it to ... fire fighters and first responders and peace officers. This is good legislation and it is good policy for the state of Alaska.

[5:24:28 PM](#)

REPRESENTATIVE ANDERSON explained that in the original version of HB 13, he'd inadvertently included nurses in the first responder category, and so he's since introduced the sponsor substitute so that the bill only pertains to fire fighters and ambulance personnel who are acting as first responders. He suggested that the AaNA should consider having someone sponsor similar, separate legislation that would pertain to nurses.

CHAIR WILSON said that there are healthcare workers who face the aforementioned situations every single day and currently there is nothing in statute that protects them.

REPRESENTATIVE GARDNER said she agrees that any healthcare workers or service workers who are at risk should have some sort of [presumptive] coverage, but is of the belief that nurses should not be included in this bill because fire fighters have a unique set of risk factors with regard to smoke inhalation.

CHAIR WILSON clarified that the situations she is referring to are those wherein a person is at risk of contracting a bloodborne disease.

5:28:32 PM

KEVIN SMITH, Executive Director, Joint Insurance Association, Inc. (JIA), Alaska Municipal League (AML), explained that the JIA is a self-insurance pool for cities, boroughs, and school districts in Alaska, and that currently about 140 such entities have joined this pool in order to obtain various forms of insurance including workers' compensation coverage, general liability coverage, and property coverage. He went on to say:

Certainly, I don't want anybody to take my testimony as though we don't like fire fighters or that we don't like police officers ... - we like our employees. But this proposal is, I think, ... the wrong bill at the wrong time. ... Imagine that we were to suggest that everybody retire in 15 years under the PERS system right now. That's absurd - we've got a problem with the PERS system, we need to get control of the PERS system. The workers' compensation is also in crisis at the moment. ... I think it's fair to say that Alaska has the second highest workers' [compensation] rates in the country, behind California; the rates have been increasing for Alaska's local governments and our businesses, in double digits and sometimes triple-digit situations, over the last several years.

Now is not a good time to expand benefits. Now is a time to try to get a handle on the workers' compensation problem, before we expand benefits. The bill, I think, is unnecessary. ... It is difficult with the cancers ... to point to a single fire and say ..., "I got this here," or "I got this there," ... [but] for the communicable diseases, when we certainly know what day ... [you] gave mouth-to-mouth resuscitation ... or the day ... you got needle-stuck, there's incident reports that you fill out, send into the "comp" system, [and] we can test to see whether or not you got the disease. And ... we've paid claims for communicable diseases ... particularly with our clinics and with our hospitals when it's clear that the needle-stick [occurred] or the communicable disease was contracted as part of your job.

I guess the biggest problem, in my mind, with [SSHB 31] is the expense. I heard a figure of 1,000 fire fighters, [but] I did some ... calculations of my

own and I called the Division of Fire Prevention, tried to subtract out the State's fire fighters and the fed fire fighters - those that are registered in Alaska - and I came up with a number of volunteers and paid [personnel] somewhere more in the neighborhood of about 9,000 when you add in the EMTs. So the first responder pool - exclusive of police - [is] about 9,000. I called the Fairbanks Fire Department and [asked] how much [it costs] for one of these screenings ... [and] they said they cost ... [between] \$750 and ... \$1,100 depending on age. ...

Let's say that it was \$900 times 9,000 - you're looking at close to \$8 million just in screening costs alone which is not ... really contemplated. ... It's a big cost, and then there'll be recurring costs over time as some retire and some more come on, [since] ... you're going [to] pretty much want to do [screening] annually. So I'm real concerned about the medical screening costs. The cost of treatment is undetermined. There are a small number of incidents, as we've heard [in] testimony earlier, but these incidents are very expensive. Short of premature babies, the cancer incidents are probably the most expensive sort of diseases that you can ... work on [and] not necessarily cure.

This is in part, I think, why [the National Council on Compensation Insurance, Inc. (NCCI)] has estimated the increase in costs for these particular class codes to be 10 to 20 percent ... for each of these job classes. In addition, the retroactive nature of the bill is such that all the rates that have been collected to date really haven't contemplated that there would be [a] long-term tail for cancers and communicable diseases. ...

MR. SMITH then suggested that the bill also has some potential legal problems, and that research has indicated to him that in a large number of the 38 states that have "these sort of presumptions," they are merely presumptions in pension plans, not presumptions in workers' compensation plans. Additionally, several of those 38 states have found that the legislation could be unconstitutional; states such as Connecticut, New Hampshire - in part because of funding stipulations in its state constitution - and Nevada - based on discrimination between classes of employees. In conclusion, he opined that the bill

comes at a bad time for municipalities because of the potential expense.

5:37:12 PM

CHAIR WILSON asked whether all fire fighters in Anchorage are paid personnel.

REPRESENTATIVE ANDERSON surmised that there are both paid fire fighters and volunteer fire fighters in the Anchorage area.

CHAIR WILSON asked whether municipalities currently pay for screenings.

MR. SMITH said that the larger fire departments with paid personnel currently pay for screening, but whether fire departments that use volunteers pay for such screening is decided on a department-by-department basis. He suggested that most municipalities that are not at least mid size use only volunteer personnel and don't currently pay for any screenings. Thus, if the bill passes, the volunteers in those municipalities would expect the communities to pick up the additional expense of the screenings.

REPRESENTATIVE ANDERSON acknowledged that the bill would affect "the bottom line" of the AML's JIA, and that the cost of treating any cancer covered under the bill would be expensive, but characterized the argument that the [costs of screening] could be as much as \$8 million as ridiculous. He posited that passage of the bill will assist in the recruitment and retention of fire fighting personnel.

5:41:01 PM

JEFF BUSH, Executive Director, Alaska Public Entity Insurance (APEI), said he is not in favor of [SSHB 31] and would be speaking in opposition to it. He said that the APEI is the "other pool," in addition to the AML's JIA, that insures Alaska municipalities and school districts, and is concerned about the costs that the bill could engender, particularly because those costs are not something that the APEI, as a pool, can control. This is because the rate settings are recommended by the NCCI, and it is those recommendations that the big, international insurance companies - which the APEI turns to for reinsurance and excess insurance - listens to. So even if the APEI is able to demonstrate that there are very few claims or that there is

an unlikelihood of a claim, such a showing would not carry much weight with the aforementioned excess insurance carriers.

MR. BUSH predicted that such carriers will look at the legislation and say that there is a higher risk for workers' compensation losses in Alaska and will therefore raise rates 10 to 20 percent for the aforementioned classes of people. The problem with this is that although from a statewide perspective such a job class is fairly small, for municipalities it is not - it represents the largest single job classification for municipalities. So not only will such municipalities have to pay for the aforementioned screenings, but their workers' compensation rates will be affected by the NCCI's recommendations.

CHAIR WILSON noted that members' packets contain a letter from the NCCI, and that the letter does warn that the costs for claims covered by the bill could increase by 10 to 20 percent or more, particularly given the bill's retroactive nature. She surmised that this cost increase could be significant for municipalities.

REPRESENTATIVE ANDERSON remarked on the committee process and potential deadlines, and recommended that the bill be moved on to its next committee of referral, the House Finance Committee.

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CHAIR WILSON said she feels that the legislature would be making a policy shift via SSHB 31, because it would no longer be up to the worker to prove where he/she contracted a communicable disease. She said that she has had conversations with representatives from the NCCI who've informed her that including healthcare workers - nurses - in the bill would not increase workers' compensation costs. She characterized it as unfair not to provide [nurses], who come in contact with communicable diseases every day, with the same presumption that is being proposed for other types of [first responder] personnel.

CHAIR WILSON made a motion to adopt Conceptual Amendment 1, to include nurses in [proposed AS 23.30.121(c)].

[5:48:03 PM](#)

REPRESENTATIVE ANDERSON objected, and suggested that nurses don't need to be included in the bill because they work in controlled environments.

CHAIR WILSON pointed out that she is a registered nurse and was a first responder on an ambulance squad for four years.

A roll call vote was taken. Representative Wilson voted in favor of Conceptual Amendment 1. Representatives Kohring, McGuire, and Anderson voted against it. Therefore, Conceptual Amendment 1 failed by a vote of 1-3.

5:51:05 PM

REPRESENTATIVE McGUIRE moved to report SSHB 31 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SSHB 31 was reported from the House Health, Education and Social Services Standing Committee.

HB 186 - PERMANENT FUND: QUARTERLY PAYMENTS

CHAIR WILSON announced that the final order of business would be HOUSE BILL NO. 186, "An Act relating to quarterly payments of a permanent fund dividend, and to a permanent fund dividend and eligibility for public assistance; and providing for an effective date."

5:52:15 PM

REPRESENTATIVE JAY RAMRAS, Alaska State Legislature, sponsor of HB 186, relayed that the bill was engendered in part by comments he'd received from constituents when the longevity bonus program was discontinued - people complained about the loss of their monthly checks, not about the loss of the amount they received yearly, saying that they used their longevity bonus checks to pay monthly bills. Additionally, he remarked, when permanent fund dividend checks (PFD) are received, he has noticed that many people cannot resist spending that money on large purchases, sometimes even incurring debt, rather than using the money for necessities.

REPRESENTATIVE RAMRAS said that under HB 186, eligible participants in the PFD program who sign up for direct deposit would be able to request that their PFD come in quarterly payments, with the payments occurring in October, January, April, and July. He posited that such a payment system would resemble the university tuition program, and could additionally provide people with an incentive to save for educational purposes. Such a payment system, he assured the committee, is not designed for those that are on public assistance or for

those that already have excellent savings habits, and suggested that those in rural Alaska could benefit from such a system.

REPRESENTATIVE RAMRAS predicted that perhaps only one or two out of every hundred PFD recipients would participate in a quarterly payment program, added that the State will be earning interest on the latter three quarterly payments, and suggested that via that interest the quarterly payment program could pay for itself and its initial implementation costs. He emphasized that the proposed quarterly payment program would be voluntary - PFD recipients would merely elect to participate - though he noted that research has indicated that a monthly payment program would be too costly to implement. In response to a question, he acknowledged that those in urban areas could also benefit from a quarterly payment program.

REPRESENTATIVE ANDERSON remarked that those with substance abuse problems could just as easily [binge away] four payments as opposed to one, but noted that in dry communities at least one could not travel to a big city and go on a binge if he/she were only getting one-quarter of a PFD at a time.

REPRESENTATIVE RAMRAS acknowledged that point, adding that in rural communities the commercial outlets for purchasing [big-ticket] items are not available. He concluded by offering his belief that the quarterly payment program will be simple to implement, and will offer Alaskans a different way to view their PFDs, particularly as the PFDs get larger.

The committee took an at-ease from 6:01 p.m. to 6:06 p.m.

6:06:39 PM

PAUL DICK, Chief, PFD Operations, Permanent Fund Dividend Division, Department of Revenue (DOR), reiterated comments made by Representative Ramras regarding how HB 186 will be implemented, and explained that the division is assuming it will have the authority to disallow those with garnishments against their records from participating in the quarterly payment program, as well as the authority to remove from the quarterly payment program those who have garnishments attached to their records after the initial quarterly payment is made; the PFDs in such instances would go towards paying the garnishments as a lump sum total. He added that the fiscal note reflects merely an estimate of the cost of rewriting the current PFD payment system. Furthermore, he noted, the cost of the program would increase as the number of participants increases.

CHAIR WILSON asked how long it would be before the quarterly payment program could pay for itself via the interest earned.

MR. DICK said that according to the fiscal note, the revenues would immediately begin to exceed the operating costs, though the one-time implementation cost has not been factored into that estimate. In response to another question, he indicated that the division cannot yet speak to the issue of whether or not it supports the bill.

REPRESENTATIVE McGUIRE said she supports HB 186, and characterized it as an innovative way of looking at [the PFD and money-management issues].

6:11:30 PM

REPRESENTATIVE ANDERSON moved to report HB 186 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE KOHRING indicated that he has concerns about the government basically acting as a "nanny" and telling members of the public that they are fiscally irresponsible and can't manage their finances.

CHAIR WILSON noted that the proposed quarterly payment program is voluntary.

REPRESENTATIVE KOHRING said that alleviates his concerns.

REPRESENTATIVE McGUIRE opined that the bill will give Alaskans choices.

CHAIR WILSON added her belief that the bill will allow the person to have some money while also allowing the State to earn some interest, essentially creating a win-win situation.

6:14:04 PM

CHAIR WILSON, noting that there were no objections to the motion, announced that HB 186 was reported from 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 6:15 p.m.