

MINUTES
SENATE FINANCE COMMITTEE
February 8, 2006
9:03 a.m.

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately [9:03:23 AM](#).

PRESENT

Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senator Con Bunde, Vice Chair
Senator Fred Dyson
Senator Bert Stedman
Senator Lyman Hoffman
Senator Donny Olson

Also Attending: JEFF JESSEE, Chief Executive Officer, Alaska Mental Health Trust Authority, Department of Revenue; JOHN PUGH, Chair, Board of Trustees, Alaska Mental Health Trust Authority; NELSON PAGE, Trustee, Alaska Mental Health Trust Authority; DR. WILLIAM DOOLITTLE, Trustee, Alaska Mental Health Trust Authority; JOHN MALONE, Trustee, Alaska Mental Health Trust Authority; MARGARET LOWE, Trustee, Alaska Mental Health Trust Authority; TOM HAWKINS, Trustee, Alaska Mental Health Trust Authority; CHERYL FRASCA, Director, Office of Management and Budget, Office of the Governor; ERIC SWANSON, Director, Division of Administrative Services, Department of Administration; SHARLEEN GRIFFIN, Director, Division of Administrative Services, Department of Corrections; EDDY JEANS, Director, Division of Finance, Department of Education and Early Development; TOM LAWSON, Director, Division of Administrative Services, Department of Fish and Game; JANET CLARKE, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services

Attending via Teleconference: There were no teleconference participants.

SUMMARY INFORMATION

ALASKA MENTAL HEALTH TRUST AUTHORITY PRESENTATION

The Committee heard a presentation from the Alaska Mental Health

Trust Authority in regards to its FY 07 Budget Priorities.

SB 233-APPROPRIATIONS FOR CAPITAL PROJECTS

The Committee heard overviews from the Department of Administration, the Department of Education and Early Development, the Department of Corrections, the Department of Fish and Game, and the Department of Health and Social Services. The bill was held in Committee.

[9:03:46 AM](#)

^Alaska Mental Health Trust Authority Presentation

ALASKA MENTAL HEALTH TRUST AUTHORITY
FY 07 BUDGET PRIORITIES
PRESENTATION

[9:04:54 AM](#)

JOHN PUGH, Chair, Board of Trustees, Alaska Mental Health Trust Authority, noted that he and another Board Member, Nelson Page, had been members of the Alaska Mental Health Trust Authority (The Trust) Board of Trustees for eleven years. This would be their last year on the Board.

[9:05:34 AM](#)

JEFF JESSEE, Chief Executive Officer, Alaska Mental Health Trust Authority, Department of Revenue noted that it has been a pleasure to work with Mr. Pugh and Mr. Page, who were two of The Trust's original Board members. Mr. Pugh has led the effort to develop The Trust's comprehensive plan for numerous years, and Mr. Page has served as both the Chair of the Board and the Chair of the Board's Finance Committee. The state of The Trust today could be credited to their participation, and their input would be missed.

Mr. Pugh's and Mr. Nelson's contribution to the Board was acknowledged by applause from the Committee and other attendees.

[9:06:25 AM](#)

Mr. Pugh introduced the other members of the Board of Trustees in attendance: Nelson Page, Dr. William Doolittle, Tom Hawkins, John Malone who was another original member of the Board, and recent Board appointee Margaret Lowe. Due to a commitment made prior to her recent appointment to the Board, Laraine Derr was unable to

attend today's meeting.

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Mr. Pugh noted that a handout titled "Alaska Mental Health Trust Authority Senate Finance FY 07 Budget Priorities" [copy on file] would accompany today's presentation.

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TRUST FY 07

Trust Distributable Income	
Land Office Income	\$2,600,000
Trust Fund Payout 4.00%	
(up from 3.75%)	\$16,028,605
Prior Year Lapse	\$ 1,500,000
Interest	\$ 923,750
Total Trust Projected	<u>\$21,052,355</u>
Expenditure Recommendations	\$12,854,400 Operating
	\$ 2,250,000 Capital
	<u>\$ 5,581,000 Direct Grants</u>
Total Recommendations	\$20,685,400

Mr. Pugh informed the Committee that The Trust is performing its judiciary responsibilities "very well", as attested by the information depicted on page two of the handout. The Land Office, managed by Wendy Wolf, has continued to perform well and is projected to generate \$2,600,000 in FY 07. The Trust recently increased its payout from 3.75 percent to four percent based on a determination that this level would be sustainable. The four percent payout would provide \$16 million. Lapsed funds from programs The Trust had granted but which had not transpired would provide \$1,500,000. \$923,750 in interest income from a Trust fund within the Department of Revenue would also contribute to the total FY 07 expenditure of \$21,052,355.

Mr. Pugh reviewed the recommendation to expend \$20,685,400. The amount provided in Direct Grants would continue its recent years growth trend. Increased capital partnerships with entities such as the Denali Commission and the Rasmuson Foundation as well as operating partnerships with entities such as Native Corporations would continue. Such funds are provided directly from The Trust to the organization.

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Co-Chair Green assumed Chair of the Committee.

[9:08:48 AM](#)

Mr. Pugh reiterated that The Trust is healthy and would continue to grow. The FY 07 Expenditure Recommendations would be the largest in the approximate ten-year history of The Trust.

[9:09:44 AM](#)

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FOUR FOCUS AREAS

- Bring the Kids Home
- Affordable, Appropriate Housing
- Justice for Persons with Disabilities
- Trust Beneficiary Group Initiatives

Mr. Pugh stated that The Trust would continue to focus on the Four Focus Areas identified on page two of the handout.

Mr. Pugh communicated that, in cooperation with the Department of Health and Social Services, an effort was undertaken to identify the "major areas" that Trust funds could support. The objective was to develop initiatives that would make a difference in providing and delivering services to the beneficiaries of The Trust. The four areas depicted on page three were identified as focus areas. One of the resulting efforts has been labeled "Bring or Keep The Kids Home." The goals of the Bring the Kids Home (BTKH) effort would include allowing children and youth who might need psychiatric treatment to remain in the State and receive treatment. The Department of Health and Social Services has developed a handout titled "Bringing and Keeping the Kids Home" [copy on file].

Mr. Pugh stated that another issue of importance to both The Trust and the State in general is affordable and appropriate housing. The objective of the Justice for Persons with Disabilities issue would be to provide "more appropriate" and "front-end" services such as the Anchorage and Palmer Therapeutic Courts. Instead of being incarcerated by the Department of Corrections, people who are developmentally disabled or have mental disorders or are chronic alcoholics could be served through these Courts.

Mr. Pugh stated that the Trust Beneficiary Group Initiative effort is being achieved through The Trust's grant process. As a result, "peer to peer services" are being offered to consumers and their families in communities throughout the State.

Mr. Pugh shared that, while the BTKH program would be the primary focus of today's presentation, the discussion would include the other focus areas.

[9:12:11 AM](#)

Page 4

Guiding Direction for Trust Program Investment

- Focused on results.
- Investing in policies, programs, services that make a difference.
- Example in Justice Focus Area:
 - Therapeutic Courts
 - o Apply sound scientific principles of behavior change - effective use of incentives and sanctions, with treatment and other new technologies.
 - o Effectively coordinates the persuasive and coercive power of the court with essential treatment and supports and oversight of treatment and behavioral compliance.
 - o Results measured in reduction in recidivism rates.

Mr. Jessee stressed that The Trust and its programs would endeavor to deliver benefits to Trust beneficiaries. The Trust would invest in practices that would achieve results by acquiring data and holding itself accountable. Policies "that catalyze some kind of change in how we deliver" or develop services would be furthered in order to improve efficiencies and the effectiveness of The Trust's programs. "Every dollar that is not used as effectively as it could be is a dollar not doing what it needs to be doing for the beneficiaries." The Therapeutic Court is an example of a program that has been developed in the Justice Focus Area. The objectives of The Trust are depicted in the language pertaining to the Therapeutic Courts.

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Mr. Jessee reminded the Committee that two years prior, Governor Frank Murkowski had appointed a council to address the homeless issue in the State. That council developed a handout titled "Keeping Alaskans Out of the Cold" which is depicted on page five. Two steering committees have been formed to address the homelessness issue. The first is a committee spearheaded by Dan Fauske, the Executive Director of the Alaska Housing Finance

Corporation (AHFC). That committee would review the inventory of "affordable housing" in the State and endeavor to determine how "existing tools" might be utilized to increase the State's inventory of affordable housing. The second committee would be responsible for developing "a framework for a housing trust" for the State.

Mr. Jessee stated the basic problem with the State's affordable housing efforts is that "at the same time that we are creating affordable housing units, we are losing affordable housing units". Many existing housing assistance programs assist low-income individuals "to afford unaffordable housing, but when they are able to increase their economic independence and no longer need that subsidy, the housing remains unaffordable". Other housing development programs such as tax credit programs "only require that the housing stock be maintained in an affordable status" for a certain length of time. At the end of that time period, the developer could increase the property to fair market value. Thus, while funding is being invested to provide more affordable housing, previous housing provided in that manner is being lost. "Many states have used housing trusts and community land trusts as an effective way of creating a permanent affordable housing inventory." Thus the working group would attempt "to conceptualize" how a housing trust might be developed in this State. "This would be a major advance in terms of addressing some of the housing needs in the State."

[9:16:22 AM](#)

Mr. Jessee stated that page six of the presentation focuses on the need to address dental coverage. The Senate Finance Committee is in possession of SB 79-MEDICAID FOR ADULT DENTAL SERVICES and the Governor has requested that the Committee schedule a hearing on the bill. The Trust "is very supportive" of the bill. He acknowledged the concern about the costs of the Medicaid program; however, noted that The Trust views this legislation as "an important strategic investment" on the part of the State. Currently the federal Medicaid program is limited to "palative care and antibiotic care" treatment in an emergency room, and because it does not address "the underlying problem, it's the most expensive way to deal with the crisis that people have".

Mr. Jessee shared that the Trustees became aware of this issue several years earlier when mini-grants of up to \$3,000 were awarded to individual beneficiaries. It was found that in some cases, up to 80-percent of that money was used for dental care.

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Mr. Jessee stated that the fact that people spent that money in that manner could be indicative of how dental health is affecting people's lives. It is also "an employment issue". The Division of Vocational Rehabilitation, Department of Labor and Workforce Development, has spent "a substantial" amount of general fund money "on dental care in order to get people to a point where they are able to work and are employable". This would be a good investment. The fact that a high percentage of Alaska Natives would be recipients of this care would allow a significant portion of the expense to qualify for federal reimbursement. Therefore, only \$3.8 million of the \$11.5 million specified in the bill's fiscal note would be general fund money.

Page 7

Bring the Kids Home (BTKH)
FY 06 - FY 12
Trust, DHSS, & Tribal Collaboration

- BTKH model provided by DHSS expertise
- Trust Work Group formed (meets quarterly):
 - Established 7 indicators of progress
 - 20 stakeholders: tribal reps (40% AK Native), family, providers
 - Reviews progress of 4 subcommittees:
 - Care Coordination
 - Home & Community-based services
 - Work force development
 - Data

Mr. Jessee reminded the Committee that approximately 400 kids are being housed out of State in residential psychiatric treatment programs due to the lack of continuum care services within the State. Not all of these kids require that level of care; however, when they reached a point at which they could no longer remain at home, no other in-State care facility was available.

Mr. Jessee stated that a work group consisting of 20 stakeholders has been created. A significant number of the stakeholders are Tribal organizations, as 40 percent of the kids that are sent outside of the State are Alaska Natives. "It is critical that the Tribal entities be totally engaged in developing the continuum of care for these kids across the State." More than \$40 million is spent annually on out of State facilities. The Trust believes that money could be brought back to Alaska, to provide services for these kids, and create jobs to assist them in communities throughout the State.

Seven Indicators of Progress

- Indicator 1: Client Shift - A reduction in the total number of SED children/ youth placed out of state by 90 percent by SFY 12 (15 percent per year)
- Indicator 2: Funding Shift - Ninety percent reduction in Medicaid/General Fund match dollars from out-of-state services to SED children/youth with a corresponding increase in Medicaid/General Fund match dollars for in-state services by SFY 12. (15 percent per year)
- Indicator 3: Length of Stay - Reduction in the average length of stay for in-state and out-of-state residential institutions by 50 percent by SFY12. (8.3% per year)
- Indicator 4: Service Capacity - Increase in the number of children/youth receiving home and community-based services in communities or regions of meaningful ties by 60 percent by SFY 12. (10 percent per year)
- Indicator 5: Recidivism - Decrease in the number of children/youth returning to residential care by 75% by SFY 12. Defined as children/youth returning within one year to the same or higher level of residential care. (12.5% per year)
- Indicator 6: Client Satisfaction - Via annual reporting, 85 percent of children and families report satisfaction with services rendered.
- Indicator 7: Client Improvement - 85% of children and youth show functional improvement in one or more life domain areas at discharge and one year after discharge.

Mr. Jessee noted that efforts in regards to keeping kids in the State have involved either "throwing" resources at the effort or conducting it in an uncoordinated manner. In addition, insufficient feedback mechanisms had been implemented through which to determine whether the intended progress was being made. These factors necessitated identifying "the seven indicators of process" depicted on page eight. "This is the dashboard; the dials and gauges that will be watched" during both the development of the program and to monitor the program after it is established. Problematic areas could be identified and addressed through this approach. The measurements of performance would be at "the core" of the project.

Mr. Jessee stated that even though the BTKH project has not yet begun, there has been "a turn" in the trend of sending clients to out-of-state facilities, as reflected in the Indicator 1: Client

Shift chart on page 9. The reduction in the placement of kids and youth in out of state facilities is the result of the State's work group focus on how to address these issues. "There has been an increase in the in-State non-custody service numbers." This is the desired trend. As additional capacity is provided, the expectation would be that most of the State's kids would remain in the State.

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Mr. Jessee noted that the Indicator 2: Funding Shift chart on page ten would indicate that Medicaid expenditures for out-of-state Residential Psychiatric Treatment Care (RPTC) service are leveling out. Again, the information would indicate a reduction in out-of-state placement costs and an increase in in-State placement costs. Rather than saving the money that had been spent on out-of-State services, the money must be "reinvested in an in-State continuum of care". Absent an investment in in-State services, the State would be unable "to sustain a reduction in out of state placements".

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Mr. Jessee noted that the chart on page eleven continues to address the Indicator 2: Funding Shift. In terms of controlling costs, the State has experienced the most problems in the non-custody area. This is due to the fact that "in the past, a family working with their doctor could send a child" who was not in State custody out of state without the State having had any involvement. However, "within 30 days, the parent's income's no longer deemed to that child", and the child would become Medicaid eligible. Therefore, the State would become responsible without having had "any opportunity to manage that situation" or investigate what other option, including in-State services, might have been available. While changes in this area are occurring, a fully operational program through which to address people going out of Alaska for services has not been developed.

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Mr. Jessee explained that due to the [unspecified] Division's development of a utilization review function that identifies when a child could be moved to a lower level of care, the "Indicator 3: Length of Stay" chart depicted on page twelve, indicates that the length of stay for in-State RPTC treatment is decreasing. No such system has of yet been developed through which to assess youth undergoing out-of-State RPTC treatment. Nonetheless, the same results would be expected once the State develops a system to review out-of-state youth's progress. Once that assessment system is developed, youth who benefited from the RPTC treatment could be

brought back to the State for further service.

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Strategies

- Strategy 1: Theory of change Articulate and communicate a formal theory of change and continue ongoing communication.
- Strategy 2: Strong family voice Develop a strong family and youth voice in policy development, advocacy, family education and support, and quality control/assurance and evaluation.
- Strategy 3: Examine financing & policy issues
- Strategy 4: Performance & QA measures Ensure that strong performance measurement /continuous quality improvement procedures are in place.
- Strategy 5: Home & community -based services Develop a wide range of accessible home and community-based services that reduce the need for kids to enter residential care and ease transition back into the community for those in out of home care.
- Strategy 6: Work force development Build the capacity and core competencies of in-state providers to provide services that meet the needs of kids with severe behavioral health disorders.
- Strategy 7: Assessment & Care Coordination Develop "gate keeping" policies and practices and implement regional resource committees to divert kids from psychiatric residential care.

Mr. Jessee noted that seven strategies have been identified in the effort to "bring the kids back home". To that point, he shared that the development of the BTKH initiative was "the most complex and complicated effort" he has ever participated in; surpassing his involvement in the ten-year effort relating to the Mental Health Lands Trust Settlement and the eight-year effort associated with obtaining a new Alaska Psychiatric Institute (API) hospital. Each of the seven strategies could be likened to "a major effort in and of itself, and yet they all have to work seamlessly together in a coordinated fashion for this initiative to succeed."

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Strategy 2: Strong family voice
FY 06 \$25.0 Trust

- Managed by Alaska Mental Health Board
 - o Ensures youth & family member involvement in planning
 - o Statewide teleconference with each Work Group quarterly meeting
 - o Assists Resource Committees with
 - Provider representative
 - Consumer representative

Mr. Jessee read through the list of strategies and pointed out that The Trust "realized that amazingly, at times, you can forget the very people you're trying to help". While management might develop "great ideas" about how to help people, oftentimes, the effort to ask them what they would need is overlooked. Thus, Strategy 2 would assist the effort by providing families a voice in the process.

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Strategy 3: Examine financing & policy issues
 FY 06 \$1,150.0 Trust in Individualized Services

- o Individualized Services Assists with non-Medicaid services to keep youth near home
- o Medicaid Rate Review (BRS) will ensure reimbursement fits each level of care appropriately (BRS - Behavioral Rehabilitation Services)
- o BRS regs change adds 54 OCS/BRS residential beds
- o School-based Medicaid provides funding incentives for early intervention services in schools
- o Out of State regulations will enhance negotiations with out of state providers on funding issues

Mr. Jessee stated that Strategy 3 would address financing and policy issues. The review of the rates and regulations of the Behavioral Rehabilitation Services (BRS) is "a very important part of this initiative". Previously, "a bifurcated children's' and adolescent mental health system was conducted by three different entities including the Office of Children's Services (OCS), Department of Health and Social Services and the Division of Behavioral Health, Department of Health and Social Services. "It's not surprising that these systems didn't work well together". Now the OCS and the Division of Behavioral Health operations "would be managed as one coordinated integrated service system." He credited the OCS for their willingness to work toward that goal. OCS "is on the hook when they have a custody kid, they've got to find a placement, and that's why in the past they've have held on so tightly to control over these beds." This cooperative effort would provide "a unified management system" that would provide "better

and more appropriate services to kids" regardless of whether they are in custody or not.

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Mr. Pugh noted that the Native corporations are also involved in this effort. For example, Juneau Youth Services and Southeast Regional Health Corporation have formed a joint partnership that is "in the process of completing a 15-bed residential psychiatric facility that will serve the Southeast region." The facility, which should be completed in May 2006, would assist in allowing youth from Southeast Alaska to be treated in Juneau rather than having to be treated outside the State.

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Strategy 5: Home & Community-based Services

FY06 \$1,050.0 Trust (Operating)

FY06 \$350.0 Trust (Capital)

FY05 \$4,150.0 Denali Commission (Capital)

- FY 06 increased in-state service capacity
 - Start up operating provided for expanded capacity for ten grantees
 - Types of care: group, therapeutic foster & transitional care homes; respite bed, etc.
 - 186 additional youth to be served annually
 - Available by spring 2006
 - Another RFP is planned for FY 07 reaching more providers
- Some capital dollars are available to increase service capacity
 - \$674.0 Trust and Denali Commission
 - \$1.25 million Denali Commission
- BRS changes will assist in keeping kids in state
 - Recommendations for Rate increases are currently under review and will enhance system capacity
 - Expansion of facility use to non-custody kids will allow 54 new beds

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Mr. Jessee characterized the information on page 16 as being "the heart and soul of the initiative" as it would address building the home and community based capacity. The Trust would contribute both capital and operating funds. Information about the involvement of

the Denali Commission's funding support would be forthcoming. He also voiced being encouraged by the Department's efforts in developing both the framework of this initiation as well as the ten-year timeline for implementing the services of this initiative.

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Strategy 6: Workforce development

FY06 \$500,0 Trust (with U of A)

FY06 \$140,0 Trust (CoDI)

FY 06 \$200.0 DHSS (CoDI)

- Part of a larger Trust initiative
 - U of A SE offering Behavioral Health Certificate for BTKH workers
 - UAF Training Academy for continuing training
- Co-occurring Disorders Institute (CoDI)
 - includes BTKH work force training
 - training to BRS residential care providers

Mr. Jessee stressed that even were all the facilities available in which to house youth currently housed out of State, there would not be an adequate workforce to provide the necessary services, particularly in Rural Alaska. To that point, a partnership has been formed with the University of Alaska and other educational entities in order to develop the required workforce.

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Strategy 7: Assessment & Care Coordination

FY 06 \$132.0 Trust

FY 06 \$431.5 DHSS

- Regional & Out-of-State Resource Committees
 - New law asserts state "gate-keeping" function for ALL children
 - Committees will partner with local agencies to review each youth placement to encourage in-state and lowest level of care
- Utilization Review Staff
 - To review RPTC and acute care placements, and refer to lower levels of care
- "InterQual" Level of Care Assessment
 - Ensure consistent review of each youth's situation
 - Currently being piloted at two sites

Mr. Jessee characterized Strategy 7 as being the brains of the

initiative. Proper assessment must be conducted in order to manage the care provided to youth. Absent that, control over the continuum of care functions would be lost. Consistency of care would be critical in the evaluation and placement of youth.

[9:29:41 AM](#)

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DHSS Certificate of Need

- CON ensures against overbuilding of highest levels of care
- For BTKH facilities over \$1 million
- Establishes formula, based on underserved population, referral trends
- If >29 beds are proposed, CON requires campus-like setting with secure & non0secure beds
- So far, only North Star Anchorage approved for 60 beds with 20 secure

Mr. Jessee stated that the State's Certificate of Need (CON) "for these adolescent facilities" is critical to this initiative. Otherwise, if "we let the free market reign, we would have way too many high-end most expensive in-patient psychiatric facilities. They would drive our system for our lifetimes and beyond, and we would never achieve a continuum of care in this State for these kids that focused on helping them stay in their families and in their communities ...The CON process is essential and the Department has done an excellent job in managing that process; sometimes to the consternation of those that would like to build large in-State facilities."

Mr. Jessee stated that "the funding matrix" is depicted on the "BTKH Funding FY 06 & Proposed FY 07" chart on page 20. The chart specifies The Trust's FY 06 and FY 07 "venture capital" investment that would be used to advance the infrastructure. State general funds would also be invested beginning in FY 07. Some of the money that is currently going out-of-State would be reinvested to support in-State operations. AHFC funds would also be provided in FY 07

Mr. Jessee noted that the chart also depicts funding from the Denali Commission. The Murkowski Administration and The Trust approached Alaska Congressional Senator Ted Stevens and requested a \$10 million earmark for the capital component of the BTKH initiative. Unfortunately other issues before Congress negated the earmark. However, the Denali Commission would cooperate by providing \$5,500,000 from its health facilities base budget, which

is used to support the construction of clinics and similar projects. That money would be used to support the capital expenses of the BTKH program; however, it would require a 50 percent State match. Efforts are being furthered to include a \$5,500,000 capital request in the Governor's FY 07 capital budget for this match. Otherwise, the Trust would be required to approach service providers, who should be concentrating on developing service capacity rather than providing a match to the Denali Commission funding. It should also be noted that the likelihood of other entities being able to provide that amount of money is minimal. In summary, he urged the Committee to seriously consider including the matching funds in the FY 07 capital budget.

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Unduplicated Medicaid RPTC Recipients by Ethnicity

	FY 03	FY04	FY05
Alaska Native	280	338	381
American Indian	14	16	18
Asian	5	12	11
Black	39	45	52
Hispanic	24	28	21
Pacific Islander	4	4	6
Unknown	54	46	44
White	432	476	469
Totals	854	965	1,002

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Percentage Medicaid RPTC Recipients by Ethnicity

	FY 03	FY04	FY05
Alaska Native	33%	35%	38%
American Indian	2%	2%	2%
Asian	1%	1%	1%
Black	5%	5%	5%
Hispanic	3%	3%	2%
Pacific Islander	0%	0%	1%
Unknown	6%	5%	4%
White	51%	49%	47%
Totals	100%	100%	100%

Mr. Jessee pointed out that nearly 40 percent of the youth in out-of-state treatment facilities are Alaska Native. This is one of the reasons that an emphasis has been made to include tribal entities

in the workgroup process.

Mr. Jessee reviewed the recipients by gender.

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Additional Resources

Bring the Kids Home Documents can be found on-line at the DBH webpage at <http://www.hss.state.ak.us/dbh/> under System Re-design. Select the Bring the Kids Home Work Group and you will find more materials to inform you about this exciting project.

- BTKH Data 2005 Update (Preliminary)
- Annual Report FY 05

Mr. Jessee noted the places that could provide further information on the BTKH effort.

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Senator Hoffman asked whether the intent of the program would be to bring youth back to the State or specifically back to their region.

Mr. Jessee responded "both". The optimal scenario would be to allow youth to remain in their home. Each step away from that scenario is one that should be made "after exhausting" the previous options. It might not be feasible for some young individuals to remain in their villages, but it might be possible for them to stay at a regional hub. Other kid's needs might be "so severe" that that would not be plausible. The emphasis would first be to keep them in their community, then in their region, and certainly within the State.

[9:35:22 AM](#)

Senator Hoffman asked the projected timeframe in which the entirety of the out-of-State youth could be served within the State.

Mr. Jessee emphasized that the effort would entail "keeping the kids home" not just "bringing the kids home". Many of the youth currently being treated out of state would be unable to benefit from this endeavor, as they would "age out of the adolescent health system" before the infrastructure could be developed. "One of the weaknesses of the project" is that no comprehensive transitional services for kids coming out of the system have been developed. The hope is to first stem the flow of youth going outside the State for services.

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Senator Dyson asked whether the CON process was "a material impediment to getting more facilities" constructed in the State.

Mr. Jessee viewed that CON process as an essential piece of making sure that "we don't cripple our system before we get started." Simply building facilities to house the 400 kids that are being treated outside the State would not be the answer, as other services would be required. Many of those kids were sent out of State because lower levels of care such as group homes, foster homes, and in-home support were unavailable. The Department must assess each of the out-of-state kids to determine what in-patient services must be available by region to support them when they return to the State. This would allow a plan to be developed that would consider how many beds would be required and where they should be located. This would prevent the overbuilding of in-patient beds. Otherwise, once in-patient beds are built, that facility would remain full. The CON process has essentially slowed down "the over building of in-patient beds to allow the State time to develop the lower levels of care that would make those beds unnecessary in the long run".

Senator Dyson regarded Mr. Jessee's response as being contrary to the needs of the State. The need is "so huge" that overbuilding would be unlikely. To that point, he asked whether the State is able to manage the volume of CON "requests in a timely and professional manner".

Mr. Jessee acknowledged the process was "a little dicey at the beginning". "The project had not progressed to the point" at which the Department could "determine the overall inpatient need," or ascertain "what the regional distribution need would be". That was the reason the Commissioner at the time delayed action on the awarding of CONs. While he is not actively involved in the process, he understood that requests are currently being managed appropriately.

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Co-Chair Green opined that "in the time since" legislation and its associated resolutions were enacted, Mr. Jessee might have developed "a bias ... away from institutional care". This bias might affect the determination as to how many beds should be built in State. Were there justification for having 400 kids being housed out-of-state, then there would certainly be a need to have more than 80 beds available in-State "to even start the transition." She believed that the process has been occurring "too slow" and that

the eventual numbers would be increasing. While the BTKH initiative should be applauded, "the bar for number of beds is way too low."

Mr. Jessee appreciated "that sentiment" as there are a lot of kids being treated out-of-state. Another factor that should be considered in regards to in-patient beds is that 40 percent of the kids housed outside are Alaska Native. In consideration of that fact, the first step would be to allow the Native health corporations to build the capacity to handle those Native kids. This would provide more culturally appropriate care closer to their home communities. This effort would be 100 percent funded by federal Medicaid funds. Were a non-Native for-profit or non-profit organization to build the in-patient capacity, the State would be responsible for providing the required match for the Native kids residing there. Then were a CON application received from a health corporation for additional in-patient beds to serve that 40 percent of the population that is Alaska Native, the number of beds would exceed the need. While he understood the desire to move the process along faster, such things should be considered.

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Senator Olson agreed that the CON issue is controversial. To that point, he opined that the CON process might be working against the need. Efforts are being made to not over-build beds, however, the State has not, of yet, reached a point at which it could provide an adequate number of beds.

Senator Olson asked how non-Medicaid eligible mental health recipients' needs would be addressed.

[9:44:42 AM](#)

Mr. Jessee agreed that the State would require more in State in-patient beds. The question "is how many, run by whom, and where" would they be located. Those are the issues involved in the management of the CON process.

[9:45:05 AM](#)

Mr. Jessee stated that as beds are built, the needs of the non-Medicaid recipients would be met. The initial concern is to address the needs of youth who are receiving treatment outside of Alaska. Constructing facilities and perhaps overbuilding those facilities without considering psychiatric needs and levels of care that would be required would escalate costs and provide an inadequate system of lower levels of care. When beds are provided, "kids will bubble up into them".

[9:46:06 AM](#)

Co-Chair Green stated that the review committee should address such concerns.

[9:46:14 AM](#)

Senator Stedman asked for clarification as to whether the 38 percent Native youth sent to out-of-State treatment centers in FY 05, as depicted in the "Percentage Medicaid RPTC Recipients by Ethnicity" information on page 22, was the information being referenced by Mr. Jessee's comments that 40 percent of kids who are housed out of State are Native.

Mr. Jessee acknowledged that it was; he had rounded the 38 percent to 40 percent.

Senator Stedman asked whether Native youth were sent outside while White kids stayed in the State.

Mr. Jessee stated that the youth who are sent out of State are RPTC Recipients. The information would include both in-State and out-of-State recipients.

Senator Stedman commented therefore that the largest ethnic group receiving RPTC is White, followed by Alaskan Native, and then Black. To that point, he asked whether the allocation of kids sent to outside facilities would correlate to the ethnicity percentages.

[9:47:21 AM](#)

Mr. Jessee believed that to be the case.

[9:47:33 AM](#)

Senator Dyson highlighted Mr. Jessee's comments that the first entities that should provide facilities and treatment ought to be regional or Native health corporations. To that point, he asked the reason that is not currently happening, and whether the Legislature should consider providing incentives to encourage that.

[9:48:01 AM](#)

Mr. Jessee responded that regional and Native health organizations are slowly providing services. They have had to address several issues such as the cost of doing business in Rural Alaska as well as workforce issues. Regional health corporations are fairly new.

Some "have experienced significant periods of growth" and others have experienced "financial and programmatic difficulties" in recent years. Some operations such as South Central Foundation are now established and are moving forward. There remain some organizations that are still faltering. The key is to keep them engaged in partnership with the State, specifically in regards to providing capital dollars in areas where the development of a group home is being considered.

Mr. Jessee stressed that doing business in Rural Alaska is quite different than doing business in urban areas. Places such as Anchorage have an abundance of rental properties suitable for group homes. That is not the case in Rural areas where housing, in general, is in short supply, and in all likelihood a group home would have to be built. While money from the Denali Commission would be available, the State would be required to provide a match. In summary, continuing efforts to maintain dialogue with and support these groups would be required. He also cautioned against the "overbuilding of non-Native in-patient beds", as it would undermine the "market share" of these organizations.

[9:50:10 AM](#)

Senator Dyson echoed Co-Chair Green and Senator Olson's concerns about being "overcautious when there is a need that is just huge"; particularly in regards to kids who might be "institutionalized for all of their childhood, far from home..." He characterized the Trust's perspective on building in-patient beds as being "overly cautious" and "imaginary or largely an illusionary problem." In light of the number of youth who suffer from prenatal alcohol poisoning and other "behavioral dysfunctions", he would welcome the day when the number of available beds exceeded the need.

Mr. Jessee stated The Trust "would be happy to provide you with an accelerated budget schedule to build in-State lower level capacity at a rate much faster than currently contemplated in the plan." More could be done were the resources more readily available.

[9:51:39 AM](#)

Page 25

Maintenance of Medicaid

Medicaid funding is critical to beneficiaries of The Trust.

- Refinanced Grants
- Waivers avoid more costly care
- Fairshare replacement
- Inflation

- Uninsured population growing

Mr. Jessee affirmed that "Medicaid is absolutely the core" of The Trust's health system for its beneficiaries and the Bring the Kids Home initiative. The Trust decided a few years prior to refinance programs under the Medicaid program and now "the consequences ... of being totally dependent on the Medicaid program" are being experienced. Medicaid is "at the heart" of The Trust's health care system, mental health system, elder care system and numerous other programs. The Legislature's desire to change eligibility requirements and reduce services to offset the increase in Medicaid programs is understandable; however, it should be understood that "Medicaid is an economic force in this State, and it does create quality jobs in health care and it does provide critical services to our beneficiaries."

Page 26

FY 07 GF/MH Budget Recommendations
Not in Governors Budget

- \$500.0 Capital funds for Fairbanks Detox
- \$5000.0 50% match for Denali Commission
- \$500.0 Flexible Long Term Care for Seniors
- \$400.0 Integrated Behavioral Health Services for Older Alaskans
- \$6360.0 Developmental Disabilities Waitlist Reduction and Base Grant Restoration

Mr. Jessee overviewed Trust projects not included in the Governor's FY 07 budget proposal. He warned that, while proactive response to foreseen catastrophes is often delayed, the State should not delay in preparing to address its rapidly expanding senior citizen population. The goal of "getting ahead of this curve" is the reason The Trust has proposed the Flexible Long Term Care for Seniors and the Integrated Behavioral Health Services for Older Alaskans programs.

Mr. Jessee concluded his remarks.

[9:54:46 AM](#)

Senator Stedman commented in regards to the testimony that oftentimes the people for whom a program is developed are sometimes omitted from the discussion. To that point, he voiced concern about The Trust's efforts on the sale of its timber in Southeast Alaska. There is a "high correlation between unemployment or under

employment and lack of economic opportunity and the issues" that the Trust addresses such as alcoholism, mental disorders, "and other related issues such as family violence..." When timber "is exported in the round for the benefit of" the Trust, "we lose sight of the jobs created by added value of processing those logs". While it might be detrimental to the harvesters of the logs, the State might benefit were the added value to transpire. Communities would benefit from that employment opportunity. While the Legislature currently has "limited ability" in influencing the actions of the Trust, he would "not hesitate ...to force the issue" were any extra flexibility provided, as the impact of the Trust's actions in Southeast Alaska for the past "decade is intolerable. Two of three Southeast Alaska sawmills have ceased to operate. "Family issues and society issues" resulting from that industry's unemployment status has created a ripple effect in affected Southeast Alaska communities. Any "directional change" in this regard would be appreciated. The Trust might experience "some gains on the expenditure side" that might offset any "basis points" lost.

[9:57:46 AM](#)

Mr. Pugh responded that The Trust "is not opposed" to working with other entities in consideration of such issues. While a "value added" timber package had not transpired, an effort had been made in this regard on a recent Thorne Bay timber harvest. This issue would continue to be included in future timber sales.

Senator Stedman acknowledged that a successful value added timber sale had recently occurred in Wrangell. It would be "good public policy" were this issue a consideration in the future.

The presentation was CONCLUDED.

AT EASE 9:59 AM / [10:05:13 AM](#)

#sb233

SENATE BILL NO. 233

"An Act making appropriations for capital projects; and providing for an effective date."

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

CHERYL FRASCA, Director, Office of Management and Budget, Office of the Governor, stated this bill is the vehicle through which Governor Frank Murkowski has proposed to spend a portion of the

\$1.2 billion in unanticipated FY 2006 (FY 06) State revenue. Approximately \$565,000,000, or half of that revenue, would be separately allocated to support FY 2007 (FY 07) K-12 education. She reminded the Committee that, in FY 2005, the Legislature had approved funding FY 06 Education expenses with unanticipated FY 05 revenue.

Ms. Frasca continued that the Governor has also proposed to allocate approximately \$400 million, or one-third, of the FY 06 unanticipated revenue to fund the Gas Pipeline Project.

Ms. Frasca specified that this supplemental capital budget bill would allocate ten percent, or \$130 million, of the FY 06 unanticipated revenue to support transportation and deferred maintenance expenses.

Ms. Frasca stated that, of the entirety of the aforementioned proposals, the Administration would "view" this proposal as being the "more traditional way" of spending FY 06 additional revenues. She noted that "some others who cover the Legislature's deliberations" had "characterized" this legislation in that fashion.

Ms. Frasca pointed out that department projects are being presented in this supplemental bill rather than being requested in the FY 07 capital budget because the funds are available in FY 06. This could be likened to the Legislature's decision last Session to expend unanticipated FY 05 revenue on transportation projects.

Ms. Frasca stated that of the total \$130 million expenditure being proposed in this bill, \$86 million would be allocated for Department of Transportation and Public Facilities' transportation projects including \$12 million for Seward Highway safety improvements. Funds for enforcement activities on that Highway would be requested separately. \$44 million would be spent on deferred maintenance to address State facilities needs.

Ms. Frasca pointed out that in years past, the Legislature exerted substantial efforts to catalog the backlog of deferred maintenance needs for school districts, local governments, and State facilities. This request would be limited to addressing State facilities needs, as the total need would exceed available funds.

Ms. Frasca noted that representatives from the departments are in attendance and would be able to address Committee questions.

Co-Chair Green surmised that Members might continue to question the need to address these projects with FY 06 funding. Except for the

aforementioned Legislative action the previous Session, Supplemental Budgets have traditionally been utilized to fund "unanticipated" expenses rather than being a mechanism through which to spend "unanticipated revenue".

[10:09:14 AM](#)

Senator Bunde concurred with Co-Chair Green's remarks and noted never before having experienced a supplemental capital budget bill during his 14-years as a Legislator. To that point, he asked whether such a budget had ever been presented.

[10:09:33 AM](#)

Ms. Frasca responded that "perhaps its a question of structure". The supplemental bill that passed the Legislature the previous Session included appropriations that utilized FY 05 revenues. She noted that a project's effective date would dictate the fiscal year in which the project would be funded. The Administration opted to present the projects in a Supplemental bill since the effective dates would dictate the use of "current year revenues". There was no intent to imply that these were unanticipated needs.

Senator Bunde opined that that would "expand the definition of supplemental a bit". From his point of view, the request must also be accompanied by a "pretty solid justification of need" rather than simply being requested because there was money available. "I think we can always find an excuse to spend money; we don't always find the needs."

[10:10:53 AM](#)

Ms. Frasca stated that, as the projects are reviewed, the needs would become obvious; the requests are not "frivolous". The total departments deferred maintenance needs exceeded \$700,000,000; 60 percent of which were University of Alaska needs. Through the use of a "threshold test of merit", the projects were "carved down significantly".

[10:11:31 AM](#)

Department of Administration

Maintenance Projects for Facilities Outside the Public Building Fund
\$3,620,000 General Funds
Reference No.: 41581
Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 03/15/2006 - 06/30/2011

Funding is necessary for continued maintenance of facilities outside the Public Building Fund. The group of facilities includes the Governor's House, 3rd floor of the Capitol Building, the Dimond Courthouse, the Archives/Records Center, the State Museum and Building Annex, and the Support Building. All of these facilities are located in Juneau.

On-Going Project

[10:12:36 AM](#)

ERIC SWANSON, Director, Division of Administrative Services, Department of Administration, stated that this request would include major projects such as the structural and foundation work needs for the Archives and Museum Buildings and the water line replacement project for the Dimond Courthouse. Also included were smaller projects, such as the window replacements and generator replacements.

Co-Chair Green communicated to Mr. Swanson that when the projects included in this request were compared to the "outside of the Public Building Fund" projects included in the \$3.1 million FY 06 capital bill, it was found that six of the projects were duplicates. "That's a little troublesome."

Mr. Swanson explained that the list could be characterized as a "snapshot in time", as the priorities of the list change from year to year. A project included last year could "drop off" the list this year were another project's needs to escalate. Nonetheless, the Department would review the list in order to avoid duplication.

[10:14:35 AM](#)

Co-Chair Green asked whether this could be interpreted to mean that the funds allocated to the Department could be used "for anything"; the Department "would not be required to adhere to the list".

Mr. Swanson clarified that while the Department does endeavor to adhere to "the overall list", the priority list would be affected by changes in facilities circumstances. He understood that communiqué in this regard had been provided.

Co-Chair Green acknowledged that language to that effect had been provided. Nonetheless, she viewed the changing of priorities as being "problematic". Therefore, she asked that notification be provided when priorities change in order to prevent confusion about

the request.

Mr. Swanson stated that a review of the projects would be conducted.

Public Building Fund Facilities Projects

\$5,500,000 General Funds

Reference No.: 41583

Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 03/15/2006 - 06/30/2011

Funding is necessary for continued maintenance of state owned facilities that make up the group known as Public Building Fund Facilities. These facilities include the State Office Building, the Alaska Office Building, the Community Building, the Public Safety Building, and the Court Plaza Building (all located in Juneau), the Douglas Island Building (Douglas), the Atwood Building (Anchorage), and the Fairbanks Regional Office Building.

On-Going Project

Mr. Swanson reviewed the facilities that would be addressed by this request.

[10:16:35 AM](#)

Co-Chair Green requested that notification about changes in this prioritization list also be communicated. She asked regarding the zero funding need anticipated for FY 07, as indicated on the project summary sheet.

Mr. Swanson stated that that information was erroneous, as the Department has not of yet developed its FY 07 capital budget request.

Co-Chair Green asked that the information be corrected. She assumed that the Department's FY 07 request would amount to approximately \$3,000,000, which was the amount requested in FY 06.

Mr. Swanson communicated that the information would be updated.

[10:17:38 AM](#)

Co-Chair Wilken, observing that the Department of Administration's deferred maintenance requests amount to \$9,120,000 and the Department of Transportation and Public Facilities' deferred maintenance request equates to \$2,000,000, commented in regards to

"the imbalance in the requests, as it was his understanding that they each operate approximately the same number of buildings. To that point, he requested that the departments' requests include facility's square footage and/or number of buildings. This would assist in clarifying the imbalance, and, in addition, might provide evidence to support increasing funding to the Department of Transportation and Public Facilities.

[10:19:00 AM](#)

Co-Chair Green understood therefore that Co-Chair Wilken was suggesting that funding should be increased for the Department of Transportation and Public Facilities.

Co-Chair Wilken responded that such decisions could be made following the receipt of the aforementioned information.

[10:19:14 AM](#)

Senator Bunde requested that the Departments provide requests in order of priority. He assumed that the project backup material, as presented, is in "random order" as otherwise, it would imply that the replacement of the rock wall around the Alaska State Museum is a higher priority than replacing sewer lines.

Co-Chair Green asked the Department whether the list accompanying the request was in order of priority.

[10:19:59 AM](#)

Mr. Swanson clarified that non-public building fund and public building fund requests were presented in priority order.

Co-Chair Green understood therefore that the number one Department of Administration priority would be the request regarding the Alaska State Museum.

Mr. Swanson expressed that the number one priority for the Public Building Fund was the State Office Building and the number one priority for the non-public building fund was the State Museum annex.

Senator Bunde puzzled over the fact that the State Museum rock wall replacement, listed as number ten on the non-public building fund priority list, outranked a roof replacement project.

[10:21:31 AM](#)

Department of Corrections

Deferred Maintenance, Renovation and Repair

\$2,500,000 General Funds

Reference No.: 41925

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 03/15/2006 - 06/30/2012

This project will provide funding for essential repair and renovation of electrical, mechanical, roofing, walls, fire/life safety, security, structural, food service, pavements and site drainage systems for all correctional facilities. This work is required to enable continued safe, secure and efficient operation of the 24-hour incarceration facilities.

On-Going Project

SHARLEEN GRIFFIN, Director, Division of Administrative Services, Department of Corrections, informed the Committee that, like the Department of Administration, the Department of Corrections' list of deferred maintenance needs is in priority order. In addition, the Department develops a six-year plan.

Ms. Griffin affirmed that when a project on the list experiences an urgent need, it would be elevated on the list. An unanticipated failure might "bump" a project on the list.

Ms. Griffin noted that the entirety of the projects included in this request are correctional facilities ranging between 20 and 40 years of age. The pump involved in the Palmer Medium Security facility sprinkler system repair is undersized for the sprinkler heads and is unable to pump water for 15 minutes. The water system repair needs at the Wildwood Correctional Center are similar to those of Palmer. The fire alarm system at the Juneau Lemon Creek Correctional Center is failing. The Spring Creek Correctional Center security fence must be enhanced and the fence alarm system must be replaced. The Highland Mountain Correctional Center is in need of roof and wall replacement as well as asbestos abatement. Numerous other projects are included in the Department's priority list.

Senator Bunde noted that a list of the projects has not been provided.

In response to a question from Co-Chair Green, Ms. Griffin responded that the Department would provide Members a copy of both the six-year plan and the deferred maintenance list in priority

order.

Co-Chair Green inquired to the reason for the elevated request levels depicted on the project summary for the out years 2008 and 2009.

Ms. Griffin stated that the projections would include items on the Department's six-year plan such as deferred maintenance needs, repair and renovation projects, security operating systems, as well as fire and life safety issue projects.

[10:26:06 AM](#)

Department of Education and Early Development

[10:26:23 AM](#)

Mt. Edgecumbe High School Facility and Infrastructure Repairs and Upgrades
\$500,000 General Funds
Reference No.: 41992
Category: Education
Location: Sitka
House Election District: Sitka/Wrangell/Petersburg
Estimated Project Dates: 03/16/2006 - 06/30/2007
Upgrades and repairs to facility and infrastructure.

EDDY JEANS, Director, Division of Finance, Department of Education and Early Development, explained that this request would address a leaking roof and asbestos abatement needs in the aging fire hall building currently being used as a storage facility for the Mt. Edgecumbe High School. The second project that would be addressed would be the floor replacement in the girl's dormitory. The receipt of the funds as requested would allow the dormitory work to be conducted this summer when the school is not in session.

Co-Chair Green recalled that the school had been appropriated \$2,500,000 last year for school repairs and maintenance needs.

Mr. Jeans responded that the master plan developed for the school would include "tens of millions of dollars in repairs." An additional \$2,500,000 would be requested in the FY 07 capital budget to provide for boiler replacement and other structural repairs.

Co-Chair Green asked for information as to how this funding would be distributed to other areas of the State.

Mr. Jeans clarified that this funding would be dedicated to the Mt. Edgecumbe School. The school is a State operated facility.

Senator Stedman informed the Committee that, as Mt. Edgecumbe High School is included in his district, he had recently toured the facility. The storage building is a metal frame building that was constructed during World War II, and the asbestos coating the pipes has "literally collapsed" and is laying "inches thick on the ground." Everything in the building is ruined. Other buildings, while not in as bad a shape, also have asbestos issues. The issues at the storage building must be addressed.

Department of Fish and Game

[10:29:15 AM](#)

Deferred Maintenance, Renovation, Repair and Equipment
\$300,000 General Funds
Reference No.: 30128
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 03/15/2006 - 06/30/2010
This project will provide for repair, maintenance and renovation of department facilities statewide.
On-Going Project

TOM LAWSON, Director, Division of Administrative Services, Department of Fish and Game explained that this request would address several of the Department's deferred maintenance issues. The Department has facilities in more than 40 areas of the State including offices, bunkhouses, warehouses, workshops, laboratories, and other similar types of structures.

Mr. Lawson noted that the Department manages a "running list" of its annual deferred maintenance needs. The FY 06 list included \$3.4 million in project needs. The list is updated as projects are completed.

[10:30:24 AM](#)

Senator Bunde requested that, rather than listing projects by region, the Department's list be depicted in priority order.

Mr. Lawson concurred.

[10:30:49 AM](#)

Fairbanks Infrastructure Renewal and Replacement

\$150,000 General Funds

Reference No. 39885

Category: Health/Human Services

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 03/15/2006 - 06/30/2010

Funds are requested to design and relocate the small wildlife research laboratory in the Fairbanks office away from the existing office space, and to remodel the existing lab space into additional workspaces that could be used to lessen the overcrowding in the facility.

One-Time Project

Mr. Lawson stated that this request would allow for the construction of a separate building to house a small wildlife research laboratory in the Fairbanks areas. The existing laboratory is attached to a regional office building. The smells generated by the laboratory activities permeate the office. In addition, the current office facility is at capacity. The construction of a separate laboratory would serve two purposes: it would negate the concern about the smells and would allow the office space to be expanded.

Department of Health and Social Services

[10:32:29 AM](#)

Deferred Maintenance, Renovation, Repair and Equipment

\$1,100,000

\$ 100,000 Federal Receipts

\$1,000,000 G/F Match

Reference No.: 31862

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 03/15/2006 - 06/30/2009

This request is for deferred maintenance projects for 29 Department maintained facilities including health centers, youth facilities and behavioral health facilities statewide with a combined replacement value of \$158.0 million. Funds would be used for immediate and critical renewal, repair, replacement and equipment needs in state-owned facilities along with selected leased facilities. This request does not include the deferred maintenance needs for the Pioneer Homes, or for recently constructed facilities, including the new Alaska Psychiatric Institute (API), the Anchorage Public Health Lab and Office of the State Medical Examiner, or the

Ketchikan, Kenai, or Nome Youth Facility.

JANET CLARKE, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services, informed the Committee that this request would address the deferred maintenance needs for the entirety of the Department's facilities other than the Pioneer Homes. She alerted the Committee to the fact that the Department would not be presenting any deferred maintenance project requests in the FY 2007 capital budget.

Ms. Clarke noted that a list of prioritized projects is included with the backup material for this request. In addition, a separate handout titled "FY07 Deferred Maintenance Capital Request Representative Photos" [copy on file] would provide photographs of some of the specific projects included in this request. The Department's number one and number two priority concerns, as depicted in the handout, would be to replace obsolete building controls in both the Fairbanks Health Center and the Ketchikan Health Center with modern digital controls.

Ms. Clarke noted that the fourth item on the priority project would be to cover an outdoor walkway at the McLaughlin Youth Center. Other projects would include replacing building water system pipes, exterior painting, outside siding replacement, and interior wall repairs. The pictures are presented in order to reflect the severity of the needs.

Pioneer Homes Deferred Maintenance, Renovation, Repair and Equipment
\$2,000,000 General Funds
Reference No.: 37934
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 03/15/2006 - 06/30/2009
This request is for deferred maintenance projects for Pioneer Homes statewide, including immediate and critical renewal, repair, replacement and equipment needs. The Department is responsible for operating and maintaining the six Pioneer Homes throughout the state. Locations include Ketchikan, Sitka, Juneau, Anchorage, Palmer, and Fairbanks.
On-Going Project

Ms. Clarke reiterated that this request would allow for deferred maintenance needs at the six Pioneer Homes in the State. Again, there would be no request in the FY 07 capital budget for deferred maintenance needs for these facilities. The back-up material includes a prioritized listing of needs. A handout titled "FY2007

Deferred Maintenance Capital Request Pioneers' Homes - Representative Photos" [copy on file] presents pictures of the various Pioneer Home needs. The number one priority would be the fire alarm and system replacement at the Fairbanks Pioneer Home. The system is failing and replacement parts are difficult to locate. The number four priority on the list is the Sitka Pioneer Home, which is the oldest of the six Pioneer Homes. Heating valves are failing and must be replaced. The number six item on the priority list would be the lighting upgrades for the Anchorage Pioneer Home. This is a large request. The ballasts are failing and the associated smells and drips are creating health hazards. Other projects would include duct cleaning at the Ketchikan Pioneer Home; ceiling replacements at the Ketchikan Pioneer Home; and 26 bathroom upgrades at the Fairbanks Pioneer Home. These projects are important in order to address safety concerns, equipment failures, senior citizen accessibility needs, or to meet building codes.

[10:39:30 AM](#)

Priority 14: Anchorage Pioneer Home Glass Replacement (411,250)

Most of the exterior glazing panels of the original building have lost their seal. There is now moisture in between the panes and causes the windows to fogged up. Moisture in the panes often incurs mold growth, which can affect indoor air quality. This project will replace panels and weather stripping on all exterior windows.

Ms. Clarke pointed out that the seals are failing in all of the windows in the facility. Moisture and mold are being experienced as a result. This is dangerous in a 24-hour senior citizen facility. The panels must be replaced and weather stripping would be required on all the exterior windows.

Senator Stedman stated that were this issue the result of defective windows, a manufacturer's commercial guarantee might apply to this project.

Ms. Clarke voiced that this would be further investigated.

[10:40:19 AM](#)

Senator Bunde appreciated having the projects listed by priority. Continuing, he questioned the reason that the Anchorage Pioneer Home Exterior Planter Repairs for \$329,000 was ranked higher than the Anchorage Pioneer Home Reseal Highlights request for \$32,900.

Ms. Clarke replied that further information in this regard would be

provided. It could be that the planters are located on the roof, and, as a consequence, might be creating further problems.

[10:41:22 AM](#)

Safety and Surveillance for Pioneer Homes, Juvenile Detention Facilities, and Public Health Facilities
\$898,300
 \$ 33,000 Fed Recpts
 \$150,000 G/F Match
 \$715,300 Gen Fund
Reference No.: AMD41456
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 03/15/2006 - 06/30/2009
Project provides for critical security and surveillance upgrades to Health and Social Services facilities statewide.
State Match Required
One-Time Project
Amendment

Ms. Clarke informed the Committee that there is growing concern about the safety of residents and visitors at the Pioneer Homes. For example, cars have been broken into. Therefore, the Department has, for the first time, determined that such things as surveillance cameras should be installed at the Anchorage, Palmer and Ketchikan Pioneer Homes in order to ensure a safe environment.

Ms. Clarke continued that this request has been amended to correct the inadvertent omission of some of the juvenile justice center projects. The projects that would be advanced by this request would include such things as installing a security fence at the Kenai Peninsula Youth Facility. No fence currently exists at that facility and issues involving facility residents are occurring. Other projects would include the installation of a detention camera near the entrance of the McLaughlin Youth Center as well as electronic locks, finger print scanners, and other security cameras. Security cameras would also be installed at the Fairbanks and Mat-Su Juvenile Centers. A security fence would also be installed at Mat-Su. Security enhancements would also be implemented at the Johnson Youth Center.

Ms. Clarke stated that security projects would also be required at the Division of Vital Statistics to insure that such things as birth records are secure. These upgrades would be required in order to comply with federal Homeland Security regulations. Security and confidentially concerns would also be addressed at the Fairbanks

Health Center.

Ketchikan Pioneer Home Roof Replacement

\$532,000 Gen Fund

Reference No.: 41369

Category: Health/Human Services

Location: Ketchikan

Election District: Ketchikan

Estimated Project Dates: 03/15/2006 - 06/30/2009

The Ketchikan Pioneer Home was built in 1981. The original roof is failing in numerous areas and needs to be replaced. A roofing consultant was hired to investigate and analyze options for repairing the existing leaks. Based on age, condition, and the labor that would be required to repair the areas that are leaking, the consultant's recommendation is to replace the roof with a new single-ply membrane system. Replacement of the roof would involve replacing the existing membrane with a more durable membrane and a smooth paver surface. The greenhouse, which is on the roof, would also need to be replaced with a new polycarbonate panel design. Funds would be used for construction and management of the project. Phased-Underway

Ms. Clarke referred the Committee to a Department handout titled "SB 233 Ketchikan Pioneer Home Roof Replacement" [copy on file] that provides pictures of the needs. A visitor to the facility would observe there being catch-buckets scattered around the facility due to the roof leaks. This issue must be addressed. The fact that there is a greenhouse on the roof of the facility has increased the cost of the project. The pictures reflect eroded siding, fasteners that are failing, and the leaks from the greenhouse. The project is extensive.

[10:45:35 AM](#)

Senator Stedman stated that the State would benefit by a decision "not to hire Arizona architects" to design buildings in rainforests. Designing buildings with atriums and placing greenhouses on flat roofs is impractical in this climate.

Fairbanks Youth Facility Building Improvements

\$500,000 Gen Fund

Reference No.: 41339

Category: Health/Human Services

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 03/15/2006 - 06/30/2009

This request would provide for the reconfiguration of the

Fairbanks Youth Facility to allow for maximum use of the existing area. The reconfiguration would allow for more useable space without increasing the square footage of the facility.

Phased-New Project

Ms. Clarke stated that this request would change the configuration of some portions of the interior of the Fairbanks Youth Facility, thereby making it a more efficient facility. Approximately one-half of a multi-purpose room would be reconfigured to allow for additional storage space with a stairway and additional office space.

AT EASE [10:46:44 AM](#) / [10:46:54 AM](#)

Co-Chair Green noted that the remainder of Department requests would be addressed at the subsequent Committee meeting [NOTE: The overviews of the additional projects included in this bill were provided³ at the February 9, 2006 Committee meeting.]

#

ADJOURNMENT

Co-Chair Green adjourned the meeting at [10:47:24 AM](#).