

MINUTES
SENATE FINANCE COMMITTEE
May 2, 2006
9:12 a.m.

CALL TO ORDER

Co-Chair Lyda Green convened the meeting at approximately [9:12:07 AM](#).

PRESENT

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

Also Attending: CRAIG JOHNSON, Staff to Representative Lesil McGuire; PETER PUTZIER, Senior Assistant Attorney General, Transportation Section, Department of Law; RUTH BLACKWELL, Realtor and Representative, Alaska Association of Realtors; PEGGY ANN MCCONNOCHIE, Representative, Alaska Association of Realtors; KEVIN RITCHIE, Executive Director, Alaska Municipal League; MICHAEL PAWLOWSKI, Staff to Representative Kevin Meyer; KRISTEN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation; BILL HOGAN, Deputy Commissioner, Department of Health and Social Services; JANET CLARK, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services; JEFF JESSEE, Chief Executive Officer, Alaska Mental Health Trust Authority; DR. KATHINKA WHITE, Alaska Primary Care Association; RYNNIEVA MOSS, Staff to Representative John Coghill; EDDY JEANS, Director, School Finance, Department of Education and Early Development

Attending via Teleconference: From Fairbanks: LUKE HOPKINS, Assembly Member, Fairbanks North Star Borough; From an offnet locations: BOB GERLACK, State Veterinarian, Division of Environmental Health, Department of Environmental Conservation; Dr. BRAD WHISTLER, Dentist, Department of Health and Social Services; From Anchorage: DR. LOUISA CASTRODALE, Division of Public Health, Department of Health and Social Services

SUMMARY INFORMATION

HB 318-LIMITATION ON EMINENT DOMAIN

The Committee heard from the bill's sponsor, the Department of Law, and took public testimony. A committee substitute was adopted and the bill reported from Committee.

HB 380-ANIMALS & ANIMAL OR AGRICULTURAL PRODUCTS

The Committee heard from the bill's sponsor, the State Veterinarian, the Department of Environmental Conservation and the Department of Health and Social Services. The bill reported from Committee.

HB 105-MEDICAID FOR ADULT DENTAL SERVICES

The Committee heard from the bill's sponsor, the Department of Health and Social Services, the Alaska Mental Health Trust Authority, Alaska Primary Care Association, and took public testimony. The bill was held in Committee.

HB 16-SCHOOL FUNDS RELATED TO BOARDING SCHOOLS

The Committee heard from the bill's sponsor and the Department of Education and Early Development. A committee substitute was adopted. Two amendments were considered, but failed adoption. The bill was held in Committee.

HB 218-PRIVATE HATCHERY COST RECOVERY FISHERIES

This bill was scheduled but not heard.

#hb318

SENATE CS FOR CS FOR HOUSE BILL NO. 318(JUD)
"An Act limiting the exercise of eminent domain."

[9:12:47 AM](#)

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

Senator Bunde moved to adopt committee substitute Version 24-LS1083\R as the working document.

Co-Chair Green objected for explanation.

Co-Chair Green explained that, at the request of the bill's sponsor, Representative Lesil McGuire, Version "R" would delete language adopted by the Senate Judiciary Committee. The language eliminated is located in Sec. 5, page 6 beginning on line 25 and continuing through page 7, line 11 of SCS CS HB 318(JUD), Version 24-LS1083\P, as follows.

...However, a municipality may exercise the power of eminent domain to acquire private property from a private person for the purpose of transferring title to the property to another private person for economic development if

(1) the municipality does not delegate the power of eminent domain to another person;

(2) before issuing the notice in (3) of this subsection, the municipality makes a good faith effort to negotiate the purchase of the property;

(3) written notice is provided at least 90 days before the public hearing to each owner of land that may be affected by the exercise of eminent domain;

(4) the municipality holds a public hearing on the exercise of eminent domain after adequate public notice;

(5) the governing body of the municipality approves the exercise of eminent domain by a two-thirds majority vote; and

(6) in the case of a second class city, the governing body of the city adopts an ordinance by a two-thirds majority vote, the ordinance is submitted to the voters for approval at the next general election or at a special election called for that purpose, and the exercise of eminent domain is approved by a majority of the votes on the question.

Co-Chair Green supported the elimination of this language, as its inclusion would negate the purpose of the bill. The adoption of Version "R" would return the bill to its original form.

[9:14:03 AM](#)

CRAIG JOHNSON, Staff to Representative Lesil McGuire, the bill's sponsor, informed the Committee that this bill was developed in

response to a recent United States (U.S.) Supreme Court ruling, Kelo v. City of New London, Connecticut, eminent domain case in which private property was condemned and "transferred to another private entity for private economic development". The public outcry to that Court's ruling spurred eminent domain legislation in 42 states. Representative McGuire researched Alaska Law and found that existing law "would allow this type of condemnation". Therefore this bill, which has been scrutinized by a variety of entities including the Department of Law, environmental groups, the Alaska Railroad Corporation, utility and oil companies, and realtors, was developed to address the issue.

Mr. Johnson stated that one of the policies paramount in the development of the bill was "the appropriateness of transferring private property to another private individual", specifically the transfer of people's homes. Numerous homes were taken and transferred to a private developer in the Connecticut case. Thus, this bill contained language that would protect a person's primary residence. He clarified however, that the bill would not absolutely prohibit eminent domain of a person's home, as there are legitimate instances for its use. "The determination was that the ability of one person to recreate doesn't take priority over another person's dwelling space." This determination was further refined to protect approximately a four-acre plot around someone's home from eminent domain.

Mr. Johnson stressed that while "this is a bill that no one loves", 90 percent of it is acceptable. It is a compromise between the stances of such entities as the American Association of Realtors who believe that "no private property should ever be taken" as opposed to the position of environmental groups that support widespread use of eminent domain. This bill would reserve the use of eminent domain "in traditional uses but strictly deals with those two narrow policy issues of private to private and protecting someone's home".

[9:17:44 AM](#)

Mr. Johnson professed this legislation, which would not fiscally impact the State, was thoroughly reviewed, both in its development and during its 22 Legislative hearings. He urged the Committee to support the bill.

Co-Chair Green asked for confirmation that the sponsor supported the Version "R" committee substitute.

Mr. Johnson affirmed.

Mr. Johnson noted that federal legislation is currently being considered that would restrict funding to states that "allow private to private transfers of any political subdivisions". In conclusion, this bill would reserve eminent domain policy decision authority to the Legislature rather than to local governing bodies.

[9:18:49 AM](#)

LUKE HOPKINS, Assembly Member, Fairbanks North Star Borough, testified via teleconference from Fairbanks, in opposition to Version "R". The Borough considers eminent domain a local control issue and has established a process to best fit the needs of the community. The Municipality of Anchorage has also adopted an eminent domain policy.

[9:19:57 AM](#)

Mr. Hopkins addressed Mr. Johnson's comments that Version "R" "would strike the best balance" between the various interests. One consideration omitted however, was a local municipality's right to take action on an issue involving eminent domain specifically relating to economic development concerns. He urged the Committee to consider the Senate Judiciary committee substitute, Version "P", as it is responsive to the needs of local governments.

[9:21:23 AM](#)

Senator Stedman asked Mr. Hopkins whether this bill might "hinder" a municipality's ability to extend sewer and water lines or further utility infrastructure. Oftentimes, easements are necessary to support these efforts.

[9:22:14 AM](#)

Mr. Hopkins understood that the bill would not restrict utility and infrastructure easements.

Co-Chair Green concurred.

[9:23:11 AM](#)

Senator Stedman stated that, oftentimes, in the effort to expand a utility trunk line, a utility must negotiate easements across private property. The question is whether this legislation might negatively impact municipality or utility's ability in that regard.

Mr. Johnson assured the Committee these circumstances were "protected in the bill". Efforts were taken not to change existing uses of eminent domain. Language in Sec. 2(a)(10) page 3, line 10 specifically allows the continuance of eminent domain for community sewerage needs. Utility infrastructure, railroad, hospital, highway needs and other public good needs are also addressed in Sec. 2.

Senator Stedman acknowledged.

PETER PUTZIER, Senior Assistant Attorney General, Transportation Section, Department of Law, concurred with Mr. Johnson's remarks.

[9:24:50 AM](#)

RUTH BLACKWELL, Realtor and Representative, Alaska Association of Realtors, shared that the Association is 99 percent supportive of Version "R". The Association is against changing private property to public use, as such action would negate that land's obligation to contribute to the community tax base. A person's private property should only transfer to another private entity through the free market enterprise system. The government should not become involved in that process. Currently, only one percent of the land in Alaska is privately owned; 99 percent of the land is owned by the State, federal, or lands claim entities. That amount should be sufficient to provide for a municipality or other public land use need for economic gain.

[9:26:38 AM](#)

PEGGY ANN MACONNOCHIE, Representative, Alaska Association of Realtors, enthusiastically spoke in support of Version "R", as it would revert the bill to its original intent. "The Kelo case was a clear taking of private property ... for private purposes." The Association understood municipalities' desire to have more local control, but that must not come at the expense of the

owners' property rights. Version "R" would protect those private property rights.

[9:28:13 AM](#)

Ms. McConnochie assured the Committee that "this is a very important issue to all of us as private property owners", and the Legislature's decision on this bill would be remembered for decades. People's homes should be sacred. A person's ability to own, use, and transfer property is "one of our basic rights". Legislative protection of that right would be appreciated.

[9:28:46 AM](#)

KEVIN RITCHIE, Executive Director, Alaska Municipal League (AML) informed the Committee AML had "no position on eminent domain". However, he noted that three of AML's largest members have enacted eminent domain policies similar to those presented in the bill. The only issue of concern to AML is that of local control.

Mr. Ritchie agreed with Mr. Hopkins that the policy adopted in the Senate Judiciary committee substitute, Version "P" established a process through which "the Legislature could absolutely guarantee" that "a very substantial and fair" eminent domain public hearing process would occur at the local level. Any decision made at the local level would require support from the majority of the local governing body.

Mr. Ritchie concurred with the Alaska Association of Realtors position that this was a very important decision. However, he reemphasized AML's concern about local control. He stressed that one should be mindful that the Kelo case, which generated this legislation, occurred in Connecticut. Alaska is not Connecticut. None of the 10,000 eminent domain situations presented in the Kelo case pertained to a situation that occurred in Alaska. "We have been good stewards of eminent domain."

[9:30:41 AM](#)

Co-Chair Green removed her objection to adopting Version "R".

There being no further objection, Version "R" was ADOPTED as the working document.

Senator Dyson was "delighted with both the bill" and Co-Chair Green's support of it.

Senator Dyson moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, SCS CS HB 318 (FIN) was REPORTED from Committee with previous zero fiscal note #1 dated January 11, 2006 from the Department of Commerce, Community and Economic Development; previous zero fiscal note #2 dated January 11, 2006 from the Department of Environmental Conservation; previous indeterminate fiscal note #3 dated January 10, 2006 from Department of Law; previous indeterminate fiscal note #4 dated January 11, 2006 from the Department of Natural Resources; and previous indeterminate fiscal note #5 dated January 11, 2006 from the Department of Transportation and Public Facilities.

[9:31:58 AM](#)

#hb380

SENATE CS FOR CS FOR HOUSE BILL NO. 380(RES)

"An Act relating to the powers and duties of the commissioner of environmental conservation regarding animals, animal products, agricultural products, and the transportation of animals and animal products; relating to the employment, appointment, and duties of a state veterinarian by the commissioner of environmental conservation; relating to the powers of the commissioner of natural resources regarding agricultural products; relating to animal rabies prevention and control; and providing for an effective date."

[9:32:11 AM](#)

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

MICHAEL PAWLOWSKI, Staff to Representative Kevin Meyer, the bill's sponsor, communicated that many "working groups" met over the Legislative interim to develop this bill, which would revise State Statutes pertaining to "the powers of the State Veterinarian and our animals and animal product Statutes".

Mr. Pawlowski informed the Committee that the majority of the State's animal Statutes were established prior to 1949 when the majority of "animals were considered livestock". Over time, "the definition of what an animal or animal product is" has changed and State Statutes must evolve to reflect current circumstances. In addition, such things as Avian influenza and other zoonotic diseases must be considered.

Mr. Pawlowski proclaimed that the authorities provided to the Department of Environmental Conservation by existing Statutes were deemed "inadequate and the definitions were unclear". As a result, "the State was not in a position to react accordingly in the event of a crisis". This bill "would repeal and reenact the majority of the provisions of Title 3 as they relate to animals and animal products and the power of our State Veterinarian".

Mr. Pawlowski contended the changes made to the bill during its committee hearing process produced a good product. The bill would have no fiscal impact. This bill "is one piece of the puzzle" through which to address the threat to humans from Avian influenza and other zoonotic diseases, which could be transmitted by exposure to domestic animals.

[9:33:50 AM](#)

Co-Chair Green asked for further information about issues that were addressed during the bill's hearing process.

[9:34:05 AM](#)

Mr. Pawlowski shared that the State's agricultural community had raised concerns. He praised the efforts of the Senate Resources Committee, chaired by Senator Ralph Seekins, in addressing those concerns. To that point, he referenced language in Section 1(b)(3) and (4) beginning on page 2 line 29 and continuing through page 3, line 2 of SCS CS HB 381(RES), Version 24-LS1469\L. This language addressed the procedure through which the State would quarantine or destroy an animal. Existing "Statutes are completely inadequate", as they would provide compensation only for dairy cattle. The compensation levels, ranging from \$300 to \$500 per animal were also limited by judicial district. The value of dairy cattle today far exceeds that value. Thus, the definition of animal was expanded to align with the federal indemnity payments of the United States Department of Agriculture (USDA) program.

Mr. Pawlowski stated that further consideration was provided to address the diversity of animals found in Alaska, such as reindeer, which might not be included for compensation in the federal indemnity program. The compensation would be subject to appropriation. This would "create a vehicle" through which the Legislature could, in an emergency, provide support to the industry and a community "to solve a problem that really wasn't of their making".

Co-Chair Green noted that this would address the concern that Committee members might have heard from constituents.

In response to a comment from Co-Chair Green, Mr. Pawlowski directed attention to another provision in the bill that had evoked concern: the ability of the DEC commissioner to appoint individuals other than the State's Veterinarian to enforce or manage provisions in Title 3. This language is located in Section 1(b)(2), page 2 lines 25-28. The Senate Resources committee substitute addressed this concern by incorporating on lines 26 and 27 of that subsection, the requirement that the appointed individuals must act under the direction of the State Veterinarian.

Mr. Pawlowski stated that were there an Avian influenza outbreak or a foot and mouth outbreak in a reindeer herd, the State Veterinarian must possess the authority to work with municipal officials and local veterinarians, and act as the responsible party in overseeing any action being taken, including the actions of an appointed individual.

[9:36:51 AM](#)

BOB GERLACK, State Veterinarian, Office of the State Veterinarian, Division of Environmental Health, Department of Environmental Conservation, testified via teleconference from an offnet site. Current State Statutes would allow the State Veterinarian to control the spread of contagious disease provided it originated with livestock, commercial poultry or animals of fur farms. This bill would expand this authority to help protect both domestic and wildlife animal resources as well as public health in the State.

Mr. Gerlack stated that this bill would complement HB 95-PUBLIC HEALTH DISASTERS/EMERGENCIES, which was enacted in the year

2005. That bill allowed "public health officials to control the spread of contagious and potentially deadly diseases in people".

Mr. Gerlack informed that the regulations in place to control infectious diseases in animals were reviewed in the past. The determination was that they created "an artificial system", as they treated diseases in livestock, wildlife, pets and people as separate issues. "The fact is that infectious diseases are rarely restricted to an individual group or species of animals." They could not be "contained by artificial or geographic boundary" and "could spread very rapidly". The emergence and rapid spread of new diseases in this century has presented "new challenges for the management and control of animals and public health diseases". More than "70 percent of recent infections affecting people are zoonotic diseases", which are diseases that originate in animals but could infect people. Zoonotic diseases could, on a large scale, negatively impact animal health, food supplies, human health and local and national economies. This should be a concern to all people and industry.

Mr. Gerlack proclaimed that diseases could spread into Alaska by the importation of animals or animal products such as dairy, meats, animal feed, or domestic or wild animal movement. Animals could easily transverse the border between Alaska and Canada. Migrating waterfowl could introduce Avian influenza or the West Nile virus into the State. The State Veterinarian must be provided the authority and tools to protect people and animal resources in the State. The current authority is limited in regards to infectious disease control. In addition, no State agency has the authority to manage all groups or categories of animals including domestic livestock, pets, exotic or wild animals. This authority is urgently needed in order to control threats to the State's animal resources or public health.

[9:40:58 AM](#)

DR. LOUISA CASTRODALE, Division of Public Health, Department of Health and Social Services, testified via teleconference from Anchorage on behalf of Dr. Richard Mandsager, Director of the Division. The Division, which works closely with the State Veterinarian's office on disease investigations that affect both animal and human health, fully supports this bill, as it would strengthen the collaborative effort.

[9:41:40 AM](#)

CHRISTIAN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation, was available to respond to questions.

Co-Chair Green asked which change to the bill was most significant in achieving support for it.

Ms. Ryan responded that, during the bill's evolution, "a lot of changes were made to make people more accepting of the legislation". Broadening the definition of which animals could be quarantined by the State from livestock to all animals had tremendous impact; however, many people were supportive of the bill due to fear of the Avian flu and other diseases that might occur. The addition of the indemnity clause through which the State could reimburse people for animals that might be taken also satisfied many concerns. The addition of the language specifying that no action could be taken without the approval of the State Veterinarian was also an important element. These conditions appear to satisfy the concerns.

Co-Chair Green noted the Alaska Department of Fish and Game had provided a pamphlet [copy on file] titled "A Field Guide To Common Wildlife Diseases and Parasites in Alaska".

[9:43:13 AM](#)

Senator Bunde moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, SCS CS HB 380(RES) was REPORTED from Committee with previous zero fiscal note #1 dated February 6, 2006 from the Department of Environmental Conservation.

AT EASE [9:44:14 AM](#) / [9:46:12 AM](#)

#hb105

CS FOR HOUSE BILL NO. 105(FIN)

"An Act relating to coverage for adult dental services under Medicaid; and providing for an effective date."

[9:46:25 AM](#)

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

BILL HOGAN, Deputy Commissioner, Department of Health and Social Services, informed the Committee this legislation would change Medicaid coverage to allow adult recipients to receive up to \$1,150 annually in preventive and restorative dental care services such as cleaning, exams, tooth restoration and both upper and lower dentures. Adult dental care is currently limited to emergency care for the immediate relief of pain or acute infection. The most common outcome of the current care is the extraction of teeth. This Medicaid expansion would benefit "the most needy Alaskans: those with disabilities and seniors". Approximately 16,000 of the adults currently enrolled in the State's Medicaid program could benefit from this proposal.

Mr. Hogan noted this was one of the first Medicaid programs to specify a maximum limit. In addition, the bill would include a three-year termination date. "This will allow the Department and the Legislature to evaluate the effectiveness of the program," to include participation levels "and the true cost and value of the program". The Department is actively working with stakeholders, particularly the Alaska Mental Health Trust Authority (AMHTA), "who consider this a significant issue within communities throughout Alaska". AMHTA would provide the State match required by Medicaid for this program.

Mr. Hogan stated that between \$700,000 and \$800,000 of AMHTA mini-grant program funds are spent annually on providing dental care to AMHTA beneficiaries, particularly those with behavioral health issues and developmental disabilities. Those funds could be better utilized for other beneficiary needs were this program implemented.

Mr. Hogan shared that the Division of Vocational Rehabilitation in the Department of Labor and Workforce Development annually expends \$100,000 to help individuals in their program "obtain dental care to increase the likelihood that they could be employed".

[9:49:53 AM](#)

JANET CLARK, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services stated that the Department's assumptions in the original fiscal note were

extensively reviewed during the bill's hearing before the House Finance Committee. As a result, the fiscal note that reported from House Finance was considerably less than the initial fiscal note. Many of the assumptions were changed, including the decision to reduce the number of recipients served by the program in its initial two years due to access and start-up issues. The original assumption that the program would serve 35 percent of eligible adults is reflected in the program's third year of operation.

Ms. Clarke continued that, in addition, the Department's emergency dental care expenses were reduced for year two and three of the program, based on the assumption that the Medicaid preventive care service would reduce the demand on emergency dental care service.

Ms. Clarke stated that the Department's original fiscal note was developed with the understanding that Federal Medical Assistance Percentage (FMAP) funding would be reduced from 57 to 50 percent; however that reduction had not transpired. Therefore, the fiscal note was revised to reflect the current 57.58 percent FMAP level. Another "key" fiscal element was AMHTA's commitment to provide their FY 07, FY 08 and FY 09 dental services budget to the program. Thus, as reflected in Fiscal Note #2, dated May 4, 2006, AMHTA would contribute \$425,000 in FY07, and \$1,425,000 each for FY 08 and FY 09. The FY 07 fiscal note was also reduced, as the program would not be anticipated to begin until late in the fiscal year.

Ms. Clarke noted that the State's FY 08 general fund match obligation would be \$1,300,000. This, with the assistance of the AMHTA funding, would leverage approximately \$10.3 million in services. The fiscal note also reflected the termination of the program in FY 09. Efforts to refine the fiscal note assisted in reducing the program's impact on the State's general fund.

Senator Dyson inquired to the income and asset levels a non-AMHTA recipient, "non-disabled, non-elderly adult" must have to qualify for the program.

Ms. Clark responded that a 21 through 64-year-old person, who was not in one the aforementioned categories and who did not have children, would not typically qualify for Medicaid.

Senator Dyson acknowledged.

[9:54:04 AM](#)

Co-Chair Wilken asked regarding the Department's efforts "to work with the Alaska Dental Association to get them to allow temporary dental licenses for those dentists from outside Alaska" who wish to provide basic dental services in rural areas of the State during the summer.

Mr. Hogan deferred to the Department's Dentist, Dr. Brad Whistler.

[9:54:46 AM](#)

DR. BRAD WHISTLER, Dentist, Department of Health and Social Services, testified via teleconference from an offnet site. Community health centers and tribal dental programs have discussed this issue with the Alaska Dental Board. The Board is considering issuing courtesy licenses, which are different than temporary licenses. The Department deferred to the community and tribal dental programs to further this issue with the Alaska Dental Board.

Co-Chair Wilken identified his interest to be with the issuance of temporary licenses rather than courtesy licenses. Continuing, he asked the status of Board action regarding the issuance of temporary licenses "to people that want to come and help Alaskans".

Mr. Whistler had not been personally involved in the actions of the Dental Board. However, he understood that "the only issue that is being addressed by the Dental Board at this time is the courtesy license issue".

Co-Chair Wilken asked whether Dr. Whistler planned on asking the Dental Board to consider "granting temporary licenses that could take care of some of our more indigent people by what amounts to volunteers".

Mr. Whistler, speaking on behalf of the Department, stated he would "be happy to" advance that subject. He explained that a temporary license could be issued to a dentist desiring to practice in Alaska, provided they held a license in another state. This license would suffice until the time the Dental Board could meet and "do licensure by credentials". A courtesy

license could be issued to a dentist who planned on providing volunteer services, as a person holding a courtesy license could not charge a fee for their service. A courtesy license would not be appropriate for the needs of a community health center or tribal program, as their desire is to employ dentists.

[9:56:34 AM](#)

Co-Chair Wilken asked Dr. Whistler to provide his office a letter detailing the efforts being taken by the Department "to enable temporary licenses" in the State. The letter should include such things as the feasibility of the licensure, the steps that would be required to further the effort, and the benefits that would be anticipated. He also requested a copy of any correspondence between the Department and the Dental Board relating to this issue.

Co-Chair Green supported Co-Chair Wilken's request.

Co-Chair Wilken shared his concern about the proposed dental program by repeating the "old saying that those that forget history are doomed to repeat it. And here we go again." He recalled discussions that occurred when the Denali Kid Care program was proposed. While that program "was presented with a firm number of expenditure", the cost associated with that program "has far exceeded" what had been anticipated for a variety of reasons. The Power Cost Equalization program is another program whose expenses dramatically increased. Its expenses increased from eight million dollars a year to \$80 million dollars in six years.

Co-Chair Wilken questioned the true fiscal impact of the bill, as, while he appreciated the inclusion of the \$1,150 per person annual dental service limit, the number of program recipients is unknown. Therefore, to gain his support, he suggested an annual maximum expenditure level be specified for the program. The intent would be to terminate the program once the limit was reached. This would provide the Legislature with "a hard indication of just the demand" on the program.

Co-Chair Wilken asked that the bill be held in Committee to further discuss how to incorporate such language.

Co-Chair Green acknowledged.

9:58:31 AM

Senator Olson asked the Department's and the Alaska Dental Board's "views" on licensing dental hygienists who received training in countries other than the United States.

Mr. Hogan deferred to Dr. Whistler.

9:58:46 AM

Dr. Whistler clarified that the Department is not involved with the Alaska Dental Board and the issuance of licenses. The Department, in this process, has focused on "Medicaid financing and reimbursement for those providers that are practicing under general supervision of dental staff". The Department has participated in "expanding private capacity" and has been supportive of the program encouraging "tribal expansion and provision of care to Indian Health Service (IHS) beneficiaries in the State".

Senator Olson asked whether he would be correct in communicating to his constituents in the IHS program that Dr. Whistler and the Department were supportive of the program.

Dr. Whistler stated that the Department has been and would continue to support IHS activities. As a dental officer of the State, he is aware that this model has been successful in New Zealand, Australia, Great Britain and other countries. The dental access issue is widespread in the United States, and this concept and others have been discussed. The American Dental Hygiene Association has proposed "an expanded dental hygiene model to address some of these same issues." Numerous discussions between private dentistry and public health dentists have occurred on the issue of how to meet the needs of "the underserved". Personally, he believed this program was worthy of consideration and could work. It has been successfully implemented in other areas of the world. He agreed that the program should be evaluated to ensure that it would be "an appropriate model for the State".

10:01:49 AM

ANDY POPE, a senior citizen, testified in Juneau in support of the bill. Senior citizens, particularly low-income seniors, "are probably the only class [of citizens] in this State excluded

from the dental health care". Native health corporations provide dental care to Natives and employed people have access to employer insurance plans. Seniors cannot purchase private insurance, and if it were available, the cost would exceed senior's financial capacity. "There are programs for alcoholics and narcotics, but not low-income seniors." This is "an overdue benefit" for seniors. The bill is "well constructed" and the \$1,150 per person annual limit would provide "a safety cap", which, by requiring people to participate for expenses above the limit, would curtail excessive expenses. However, people might have a problem finding a dentist "that would let you get something done for a down payment". He doubted the program would escalate out of control. "All individuals would be treated the same". The \$1,150 per person limit "is reasonable", and the termination date would control the parameters of the program. He urged the Committee to adopt this "long overdue" legislation.

[10:04:25 AM](#)

DR. KATHINKA WHITE, Representative, Alaska Primary Care Association, Inc., spoke in support of the bill. The Association "represents 24 health care organizations operating 115 non-profit community health centers and other safety net providers" that offer health and dental care to "the uninsured, underinsured, underserved populations in the State". Her testimony was as follows.

I am speaking to you on behalf of Alaskans that remain untreated victims of our nation's silent epidemic, oral disease. Dental caries and periodontal disease are infectious diseases caused by the transmission of bacteria from the parent to child or from partner to partner. In the year 2000, in the publication "Oral Health in America" the Surgeon General released a milestone report that provided overwhelming evidence of this epidemic. It emphasized that the mouth is a point of entry for infection, which can spread to other parts of the body and pointed to emerging associations between oral diseases and other physical ailments such as diabetes, heart disease, strokes, adverse pregnancy outcomes including low birth weight babies. The report makes it clear that oral health is integral to overall health. Oral health care represents the most frequently reported unmet health need among low-income persons.

The inability to access proper dental health resources has had devastating personal consequences for many Alaskans, including severe oral facial pain, infection, impaired ability to eat, poor diet, nutritional status, speech difficulties, lost work days, and unnecessary tooth loss. Currently dental services for adults are limited to the relief of pain and infection only. These services do not include root canals resulting in the extraction of most teeth. Many individuals would rather live in continuous pain than have their teeth extracted because the social consequences of oral disfigurement diminishes their self-image and sense of self worth. Adults without adequate dental care resources express a feeling that their lack of dental coverage and resulting inability to get appropriate dental care reflects society's lack of recognition of them as people with intrinsic value.

The Surgeon General's report also noted this relationship between oral facial disfigurement due to oral disease and the associated social stigma, low esteem, and anxiety experienced which in turn limits their educational, career, and marriage opportunities. Among adults seeking jobs those with visual carries and missing teeth were less employable than those with healthy smiles, resulting in increased numbers of adults on state funding ATAP [Alaska Temporary Assistance Program], unemployment, and food stamp programs. In closing, oral health means much more than healthy teeth. Oral health is integral to the general health and well being of all Alaskans. Not allowing dental care benefits that include prevention and routine dental care knowingly puts our most vulnerable citizens at a greater health risk. Alaska cannot afford these long-term financial and human welfare costs. Alaska Primary Care Association and the Municipality of Anchorage support HB 105 and believe its time for the dental Medicaid program to be restructured to include preventative and restorative services. Thank you.

[10:08:14 AM](#)

Co-Chair Wilken asked whether the Primary Care Association (PCA) had contacted the Alaska Dental Board in support of issuing temporary dental licenses. The issuing of these licenses would assist in serving some of the people she had spoken of.

Dr. White was unsure. She was aware, however, that the Alaska Dental Board had not taken any action in that regard. PCA has taken a position in support of the dental health aide program. She also supported that program as she had personally worked in many remote Bush villages and could attest to the skills, knowledge, and empathy of the people involved in the program.

Co-Chair Wilken thought that the PCA's "voice would be very powerful" in bringing the temporary license issue to the attention of the Alaska Dental Board. Their participation could advance the efforts included in this legislation. Therefore, he urged her organization to investigate how other states' experiences with temporary dental licenses could assist in allowing "dentists to come and serve some of the less abled of our society".

Dr. White responded positively to Co-Chair Wilken's suggestion. The Association would support this endeavor, as many of its member "community health centers are under-served. That's a big problem for us." She was currently involved in an effort to create an Alaska oral health care partnership to provide "more dental care and better retention in the State".

Co-Chair Wilken appreciated Dr. White's comments.

Senator Olson asked the number of dentists employed by PCA.

Dr. White stated she was the sole PCA dentist. PCA is advancing the aforementioned oral health network to improve access to dental care "by establishing a more cohesive structure with the community health center dental clinics", furthering a shared provider program to improve dental care access, and advancing other aspects to improve dental care opportunities through the organization.

[10:11:24 AM](#)

JEFF JESSEE, Chief Executive Officer, Alaska Mental Health Trust Authority, thanked the Committee for considering this bill. AMHTA is interested "in this bill and dental services in general because" many of AMHTA's "beneficiaries have tremendous dental needs". AMHTA annually funds a mini-grant program that "provides grants of up to \$3,000 directly to individual beneficiaries for a wide range of things" such as laptop computers, a car to transport them to work, or other expenses that would improve

their quality of life. AMHTA "was stunned" to find that approximately 70 to 80 percent of the mini-grant funding was used for dental services. Spending one's mini-grant funds on dental care would not be expected to be "way up on people's list of things they want to do in their spare time or with any additional dollars they might have".

Mr. Jessee noted AMHTA worked closely with the Department to construct a bill with cost containment provisions such as the individual dental service limit and the termination date. In addition to working on this "very important bill", AMHTA is working on a program through which dentists could donate dental service and be compensated for their out of pocket expenses. Another effort being advanced by AMHTA is the development of partnerships with community health centers "to get them up and running on providing more comprehensive dental care". Nonetheless, the funding mechanism proposed in this bill "is critical" to these endeavors and to meeting the dental needs of AMHTA beneficiaries.

[10:13:54 AM](#)

There being no further testimony, Co-Chair Green ordered the bill HELD in Committee in order to develop language addressing Co-Chair Wilken's concern.

[10:14:22 AM](#)

#hb16

CS FOR HOUSE BILL NO. 16(RLS)

"An Act relating to funding for school districts operating secondary school boarding programs, to funding for school districts from which boarding students come, and to the effectiveness of district secondary school boarding programs; and providing for an effective date."

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

Co-Chair Wilken moved to adopt committee substitute Version 24-LS0125\C as the working document.

Co-Chair Green objected for explanation.

10:15:07 AM

RYNNIEVA MOSS, Staff to Representative John Coghill, the bill's sponsor, informed the Committee that five years prior, Representative Coghill had spent time in Nenana on a building remodeling project. Students attending the Nenana Boarding School assisted in that project. Those students communicated to Representative Coghill the newfound optimism they were experiencing as a result of attending the boarding school. The experience "changed their opinion of where they were going with their life" and expanded their opportunities for becoming "productive citizens".

Ms. Moss stated that, because of this interaction, Representative Coghill became "interested in the so-called boarding school concept". This bill is a product of that interest. This bill has generated tremendous discussion. She cited Co-Chair Wilken as instrumental in prompting the Department of Education and Early Development (DOE) and the State Board of Education "to actually propose regulations that will regulate these boarding schools". Representative Coghill viewed student attendance at a boarding school "as an issue of choice, and an opportunity for students all over the State to enter into a program that can basically change their life". For example, the Nenana Boarding School graduated 14 students in 2005: 11 of those graduates continued their postsecondary education with financial assistance; two enlisted in the United States Marines, and one entered the Job Corps. The entire graduating class improved their life "and became productive on-going citizens".

Ms. Moss stated that Version "C" would allow any Statewide Secondary Residential Program (SSRP), commonly referred to as a boarding school, established prior to January 1, 2005, to be reimbursed for operating the residential program through a stipend. To qualify for this program, the SSRP must have a suitable student dormitory, daily access to a public school offering grades nine through 12, and be a full time school. The stipend rate would be determined by the DOE with the stipulation that it could not to exceed the statutory limits as specified in Section 1(b)(2) lines 8 through 12 of Version "C".

Ms. Moss stated that Version "C" also defined what would constitute a school district and what would qualify as a

district-operated Statewide Residential Educational Programs. Furthermore, Version "C" would align language with existing regulations. An effective date of July 1, 2006 is specified in the bill.

[10:18:51 AM](#)

Senator Dyson asked whether the bill's sponsor was "comfortable with the changes" included in Version "C".

Ms. Moss affirmed he was.

Senator Dyson asked whether the sponsor considered the \$20 per student per day stipend adequate to feed, clothe, and house a student at the school.

Ms. Moss responded in the negative. The sponsor believed that students' parents and school districts should contribute toward the expense of the program. Thus, the stipend is "a portion" of the actual costs.

Senator Dyson acknowledged.

Senator Bunde understood the stipend would be paid to the school district rather than to the individual.

Ms. Moss affirmed.

Senator Bunde asked regarding the provision that would provide each student a round trip ticket to the school, as he felt that requiring a student to personally "buy-in" would result in the student being "more dedicated" to the endeavor. Requiring a student to be responsible for their travel expenses might further their "incentive to achieve".

Ms. Moss responded that the majority of students who attend the schools live in remote areas of the State, thus "the cost of travel is fairly expensive". While a student might make two or three trips home during a school year, the school would compensate for only one round-trip ticket. The travel expense would amount "to only a small part" of the total student cost.

Senator Bunde viewed the round-trip ticket offering as "a marketing tool: come to our school and we'll give you a free

trip." The provision to pay for the round-trip ticket was of concern to him.

Co-Chair Green noted that, in addition to the stipend and the trip, the State's Base Student Allocation (BSA) formula funding would also be applicable.

Ms. Moss responded in the affirmative.

[10:21:46 AM](#)

Co-Chair Wilken pointed out that the inclusion of the Lower Kuskokwim in the Residential School Program details, as specified on page 2 of the DOE fiscal note #2, dated May 2, 2006 was an error, as "the Bethel program was no longer part of this bill".

[10:22:10 AM](#)

EDDY JEANS, Director, School Finance, Department of Education and Early Development, affirmed. The Department would revise the fiscal note to reflect the removal of the Bethel Lower Kuskokwim School from the Residential Program.

Co-Chair Green acknowledged that a corrected fiscal note would be developed.

Co-Chair Wilken shared that a few years prior, because of his concerns about the boarding school program, he had been accused of eliminating State funding for the Nenana Boarding School. To that point, he appreciated Representative Coghill, Ms. Moss', and the Department's efforts to address his concerns, as evidenced by the inclusion of the phrase "approved by the department under regulations" in Section 1, Article 2(a) page 1 on line 9 of Version "C"; specifically the inclusion of the reference to State regulations. He displayed a compilation of DOE regulations [copy not provided], which were currently under review. Because of the State Board of Education's lack of action on overseeing the boarding school program, the Department updated regulations and developed criteria, which must be met before someone could establish a boarding school program. As a result, the State could "analyze whether it's in the best interest of the State" to allow the formation of another boarding school program.

10:23:40 AM

Co-Chair Wilken appreciated the endeavor to replace the term "boarding school" with Secondary School Residential Program.

Co-Chair Wilken warned that the Federal No Child Left Behind (NCLB) program would force the State to change its approach to education. Many outlying communities might be unable to provide a curriculum and education that would allow a student "to perform on the world stage". Thus, some students might be forced to participate in such things as a SSRP. One area of concern is the negative impact this would have on a community desiring to keep their youth in their community. Another concern is one relating to economic development. State facilities such as the King Career Center in Anchorage, the Hutchison Career Center in Fairbanks, and vocational technical schools in Kotzebue, Nome, Bethel, Seward, and Galena should be developed in anticipation of the pressure to meet NCLB standards. To that point, his recent decision not to support funding for the St. Mary's school in the FY 07 capital budget was a difficult one, as that community was attempting "to do exactly" what is being discussed in this bill.

Co-Chair Wilken stated that were the proposed DOE boarding school regulations not adopted as presented, the discussions on this issue would continue during the next Legislative session. The regulations are "good" and have widespread support. He supported the bill and the sponsor's "efforts to take us to the next step in rural education".

10:25:58 AM

Senator Bunde informed the Committee he would be offering an amendment to the bill that would provide the funds to address the one million dollar fiscal impact reflected in fiscal note #2.

Co-Chair Green removed her objection to the committee substitute.

Without further objection, committee substitute, Version "C" was ADOPTED as the working document.

Amendment #1: This amendment deletes all language in Sec. 5 line 28 of CS HB 16(RLS) and replaces it with the following. [NOTE: The amendment must be conformed to Version "C".]

Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT OF SECTIONS 1-4. Sections 1 -4 of this Act are contingent on the passage by the Second Regular Session of the Twenty-Fourth Alaska State Legislature and enactment into law of a version of SB 112 that imposes a tax on residents of and individuals employed in regional educational attendance areas.

Sec. 6. If sections 1-4 of this Act take effect, they take effect on the effective date of a version of SB 112 passed by the Twenty-Fourth Alaska State Legislature and enacted into law that imposes a tax on residents of and individuals employed in regional educational attendance areas.

Sec. 7. Sections 5 and 6 of this Act take effect immediately under AS 01.10.070(c).

Senator Bunde moved Amendment #1.

Senator Dyson objected.

Senator Bunde agreed with Co-Chair Wilken that, in the foreseeable future, the State would experience an increase in the number of boarding schools.

[10:26:43 AM](#)

Senator Bunde proclaimed that many of these boarding schools would be located in Rural Education Attendance Areas (REAs) "where the folks unfortunately haven't chosen to accept the personal responsibility to support their schools". Therefore, this amendment would impose a tax that would assist in supporting the expenses of a boarding school in an REA.

[10:27:22 AM](#)

Ms. Moss stated the bill's sponsor would be opposed to the amendment. "There already is an existing stipend that's being paid for students that come into boarding schools." This bill would broaden the opportunity so that more students could attend

such a school. The sponsor would argue that the tax proposed in this amendment "is a whole separate issue that doesn't belong in this piece of legislation".

Senator Bunde was concerned that the proposals in this bill could provide REAAs an opportunity to "double-dip", as schools in those areas are already fully supported by State funds.

Senator Olson voiced "strong objection" to the amendment. Support of it would be contrary to the "spirit" of the original bill.

A roll call was taken on the motion.

IN FAVOR: Senator Bunde, Co-Chair Wilken and Co-Chair Green

OPPOSED: Senator Hoffman, Senator Olson, Senator Dyson and Senator Stedman

The motion FAILED (3-4)

Amendment #1 FAILED to be adopted.

Conceptual Amendment #2: This amendment deletes the entirety of material in Section 1(b)(1) beginning on page 2, lines 2 through 4, which reads as follows.

(1) one round trip on the least expensive means of transportation between the student's community of residence and the school during the school year if the district expends money for the trip; and

Senator Bunde moved Amendment #2.

Senator Olson objected.

Senator Bunde echoed his earlier comments against providing travel for students. Eliminating the free travel provision is "an attempt to encourage people to invest in their own education". People work harder when they have a personal investment.

Ms. Moss communicated that the bill's sponsor would object to the amendment. While waivers are available in hardship cases, parents of students attending the Nenana Boarding School are

currently required to provide \$1,000 toward their child's room and board. The students to whom a round trip travel ticket would be provided are those with no road access to the school. Attending the school is "an extra hardship" for such students due to the expense and distance that must be traveled. While attending the school is optional, it should be recognized that the school is graduating students who are becoming productive Alaskans, who otherwise might become "a burden to the State".

[10:30:41 AM](#)

Senator Bunde voiced concern that instead of attending the school in pursuit of furthering their education, some students might view the free travel as an opportunity to escape from a small town or their parents. "That would defeat the purpose of what the bill is trying to achieve."

Co-Chair Wilken shared that the round trip travel was an issue of discussion during the development of the bill. The State currently provides a round trip ticket to students attending the Mt. Edgecumbe School in Sitka, and, while the Nenana Boarding School is not exactly the same model as that school, "the thought was" that providing a round trip ticket to the Nenana Boarding School might alleviate pressure on Mt. Edgecumbe, which has a waitlist of students. In addition, the decision was made to include in the bill the requirement that the "least expensive" mode of transportation be utilized.

A roll call was taken on the motion.

IN FAVOR: Senator Bunde and Co-Chair Green

OPPOSED: Senator Olson, Senator Hoffman, Senator Dyson, Senator Stedman and Co-Chair Wilken

The motion FAILED (2-5)

Conceptual Amendment #2 FAILED to be adopted.

[10:33:03 AM](#)

Mr. Jeans communicated that the Department worked diligently with the State Board of Education to develop "regulations that would limit the number of communities that could participate in this program" to the communities of Nenana and Galena. In

addition, the proposed regulations would require the State Board of Education to determine a need and an application process before allowing any other school district to begin to operate a boarding school. Furthermore, this legislation would require an additional step to be taken in that the Department must seek Legislative approval in order to expand the program. The necessary safeguards would be in place.

Mr. Jeans shared that an annual report on the boarding school program would also be required. The report would include such things as the number of students applying, accepted, and enrolling in the boarding school program as well as the Mt. Edgecumbe program. The data would be shared with the Legislature.

Co-Chair Green recalled that the FY 07 capital budget would include one million dollars each for the Galena and Nenana boarding schools. She asked whether the funds specified in this bill would be in addition to that money.

Ms. Moss stated that the money included in the capital budget would be in addition to the funding specified in this bill. The capital budget funds would be utilized to expand dormitory facilities.

There being no further discussion, Co-Chair Green ordered the bill HELD in Committee.

#

ADJOURNMENT

Co-Chair Lyda Green adjourned the meeting at [10:35:13 AM](#).