

HOUSE FINANCE COMMITTEE  
February 5, 2008  
1:44 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at 1:44:25 PM.

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Harry Crawford  
Representative Les Gara  
Representative Mike Hawker  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Mary Nelson  
Representative Bill Thomas Jr.

MEMBERS ABSENT

Representative Richard Foster

ALSO PRESENT

Jeff Jesse, Chief Executive Office, Alaska Mental Health Trust Authority; Dr. William Doolittle, Chair, Board of Trustees, Alaska Mental Health Trust Authority; Linda Hay, Staff, Representative Ralph Samuels; Pat Davidson, Legislative Auditor, Legislative Audit Division, Legislative Affairs Agency; Paul Johnson, President, Big Game Commercial Services Board; Jennifer Strickler, Licensing Chief, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Robert Fithian, Executive Director, Alaska Professional Hunters' Association.

SUMMARY

Presentation: Alaska Mental Health Trust Authority  
*Housing Trust, Bringing the Kids Home Initiative,  
Crime, and Recidivism*

HB315 "An Act extending the termination date of the Big Game Commercial Services Board; and providing for an effective date."

HB 315 was reported out of Committee with a "no recommendation" and with a new fiscal note by the Department of Commerce, Community and Economic Development.

Presentation: Alaska Mental Health Trust Authority  
*Housing Trust, Bringing the Kids Home Initiative,  
Crime, and Recidivism*  
[This relates to House Bill 312]

[1:44:44 PM](#)

DR. WILLIAM DOOLITTLE, CHAIR, BOARD OF TRUSTEES, ALASKA MENTAL HEALTH TRUST AUTHORITY (AMHTA), introduced the trustees in the audience and sketched the historical background of AMHTA.

[1:46:17 PM](#)

Dr. Doolittle described AMHTA beneficiaries as people with mental illness, developmental disabilities, alcoholism, Alzheimer's, and brain injury. He listed the various trust advisors.

[1:48:12 PM](#)

JEFF JESSE, CHIEF EXECUTIVE OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY presented the FY 09 Mental Health Budget (copy of slide presentation on file). He referred to slide 5 and explained that AMHTA expects to have nearly \$29 million available for spending in FY 09. Slide 6 shows the breakdown of revenue from Trust land. He said that AMHTA was about to come to the end of many of the timber sales, which may affect the numbers.

[1:51:20 PM](#)

Mr. Jesse turned to slide 8 and explained that the Governor's FY 08 budget had a number of increments to fund behavioral health grants. The AMHTA was left short about \$3 million in behavioral health grants, \$2 million of which was replaced through legislative action.

Mr. Jesse talked about AMHTA treatment and services work, including brain injury training. He said that as more veterans return home from overseas, the Trust will be collaborating with the Veterans Administration and the Department of Defense to develop an integrative system of brain injury care. The Trust will invest in community health centers. AMHTA integrates behavioral health into primary care centers.

Mr. Jesse recalled that AMHTA partnered with the Legislature to expand dental coverage. Cost containment measures are working, but he stated concerns about difficulties getting sufficient dental services to the Native health community.

Mr. Jesse pointed out that the Governor is coming forward with underage drinking and suicide prevention programs as well as partnering with the Trusts to provide autism services.

[1:53:55 PM](#)

Representative Hawker commented on the role of the Trust in relation to the State. As chair of the Department of Health and Social Services sub-committee, he has seen the amount committed to the Department double. In the beginning the Trust would use a relatively small amount of money to partner a program to get it going, with the presumption that the State would then take fiscal responsibility for the program. Representative Hawker urged re-evaluating the role of the Trust in relation to leveraging increases in general fund spending. He thought part of the Trust's money should be dedicated to sustaining services already established.

Mr. Jesse answered that in addition to the mini-grants the Trust now provides significant on-going support to the planning and advocacy boards. He acknowledged controversy over whether on-going support is a proper role for the Trust; those are generally seen as State responsibilities. Mr. Jesse agreed the Trust is now more able to look at other avenues of supporting the overall State budget. Currently 40% of Trust income goes to on-going support of projects.

Representative Hawker reiterated his concerns.

[1:58:00 PM](#)

Mr. Jesse turned the Committee to the pamphlet "Creating a Formula for Success" (On File). He said the Trust has developed an approach with four steps (slide 9): (1) identify the problem; (2) collaborate with the players that will participate in the solution; (3) develop strategic, sharply focused solutions rather than throwing money at the problem; and (4) make lasting system improvements.

Mr. Jesse described five focus areas, starting with the "Bring the Kids Home" (BTKH) initiative (slides 11-15). The Trust realized that over 700 Alaskan children were placed in out-of-state residential psychiatric treatment centers, at a yearly cost of \$40 million. The Trust then developed partnerships with agencies and with them strategized how to change the situation. The result of BTKH has been a 40% decrease in number of kids in out-of-state facilities and a 72% increase in residential treatment capacity in Alaska.

Mr. Jesse thought the most effective way to help children would be to start with the home, to put resource in home communities and only move up the continuum of care when that fails: however, that approach would not have secured funding. Instead the Trust started by building residential housing and then put resource into home and community based services, which could, over time, lessen the need for residential care.

[2:01:56 PM](#)

Representative Hawker added that Residential Psychiatric Treatment Centers (RPTC) are regulated by Certificate of Need (CON) statutes and wondered if the Trust had a position on the blanket repeal of CON as proposed by the Administration.

Mr. Jesse stated that the Trust is absolutely opposed to repeal of CON for RPTC. At one point in the BTKH initiative there were over 500 RPTC beds proposed. If there had been no CON process, the result would have been one of the most expensive institutionally based systems of care in the country. He understood the Administration was proposing amendments.

[2:04:05 PM](#)

Mr. Jesse directed the Committee to the graph on slide 13 showing the steady decline in out-of-state expenditures as a result of the BTKH initiative. He pointed out that when the initiative started, the graph was going in the opposite direction at about the same slope. The Trust is reinvesting the saved funds into the community, which will leave the State with a more effective continuum of care for kids and communities. The Trust believes the Legislature could use a similar strategy of reinvestment in other places such as the Department of Corrections.

[2:06:21 PM](#)

Representative Kelly observed that the model moves towards a public-private partnering in the community. Mr. Jesse agreed there is a public-private partnership in that the public pays and the private receives; the difference is the State will be investing in-state rather than out-of-state.

Mr. Doolittle added that in other aspects of the trust programs there has been a successful effort to bring behavioral health management and treatment closer to home, which is less expensive.

Mr. Jesse highlighted requested amendments related to community behavioral health capacity development (slide 14).

[2:09:17 PM](#)

Representative Kelly expressed interest in the model Mr. Jesse described, which was of to him related to corrections. He noted the criminal equation is different but there are common elements that could translate.

Mr. Jesse continued to talk about the Trust's five year plan (slide 15). He admitted the numbers are substantial: \$17.5 million over five years for capacity infrastructure development. He reminded the Committee that if the State doesn't continue to make the investment, the costs will rise in the long term. The five year plan focuses on managing the system of care.

Representative Hawker emphasized that until the State gets a ten year planning horizon, decisions will be made in a vacuum. He appreciated Mr. Jesse for taking the lead in "truth in budgeting efforts."

[2:12:16 PM](#)

Representative Kelly thought hard numbers related to what the State saves when spending in-state would help the Legislature make budget decisions.

Mr. Jesse proposed that honesty in budgeting encourages collaboration. He credited the Department with working hard in developing the projections.

[2:14:42 PM](#)

Representative Joule, referring to the downward sloping chart (slide 13), wondered what the Trust had seen when looking forward at the beginning of the project. Mr. Jesse replied that about a year and half into the project the Department started to get a handle on the situation and knew they were going to make a difference. The Trust was not as confident until the Department got the data.

[2:17:13 PM](#)

Mr. Jesse moved to slides 16-22, describing the Housing Initiative. The Trust wondered what drove the chronic nature of homelessness in the state and discovered two reasons. Many low-income housing projects are focused on people with relatively higher incomes, 70% of median income and above, even though the homeless are at 50% and below. The second reason is that people who are at 50% and below are there for good reasons, such as substance abuse, mental health and domestic abuse. The Trust looked around the country to see how others were dealing with homeless issues. The Gates Foundation testified in Alaska about their experience in the

Seattle area. Out of those discussions came a recommendation now on its way to the Legislature in the form of an enabling bill and a capital appropriation to create a housing trust for Alaska (slide 17). The Gates Foundation learned that to get support partners invested there must be five to ten years of support service funding with the first year's money.

[2:20:15 PM](#)

Mr. Jesse assured the Committee that there would be mechanisms to fund the housing initiative regardless of oil prices and that the Legislature wouldn't be caught funding a five to ten year project.

Vice-Chair Stoltze supported the idea of affordable decent housing. There was a discussion about what constituted reasonable housing. Mr. Jesse re-assured the Committee that the Housing Trust would spend money carefully.

[2:24:03 PM](#)

Mr. Doolittle commented that the AMHTA has recognized a theme in every focus area. The goal is to bring mental and behavioral healthcare to those who need it at an earlier age.

[2:26:29 PM](#)

Mr. Jesse gave an overview of what the Legislature could expect during the rest of the session (slide 22), including the \$10 million capital appropriation and enabling legislation in HB 324.

Mr. Jesse emphasized that the Housing Trust is essential to maintain current housing, which the State is losing steadily, as well as to create additional housing.

Representative Hawker pointed out that three-quarters of the money listed on slide 22 consists of public funds. He wanted to know the long-term plan for the housing trust development and how long AMHTA wants the State to continue spending at that level. Mr. Jesse answered that the Council on the Homeless had estimated that to address the current homeless needs would take about \$15 million per year for ten years.

Representative Kelly felt there have been many failures in the effort to solve homelessness. He was both nervous and about and encouraged by the Housing Initiative.

[2:30:51 PM](#)

Mr. Jesse agreed that the old system of putting people in housing without support did not work. He cited examples of

successfully combining housing with support services and believed similar strategies would work in Alaska. Representative Kelly talked about the pride of ownership and the importance of responsibility. Representative Hawker wondered what additional money would be needed for support services to augment the \$10-15 million a year for ten years.

[2:33:11 PM](#)

Mr. Jesse answered that it costs more to support people who are homeless than to support and train people while they are in long-term housing. Representative Hawker voiced concerns about unanticipated costs. Mr. Jesse was confident the Housing Trust would be as fiscally successful as the BTKH initiative and encouraged the passage of the enabling legislation.

Mr. Jesse addressed Disability Justice (slide 23). He recommended the study conducted by the AMHTA in the Department of Corrections ("A Study of Trust Beneficiaries in the Alaska Department of Corrections," On File). He indicated that 42% of those incarcerated in the DOC are Trust beneficiaries. He emphasized that a major effort led by the Administration was needed to address the issue of overcrowded prisons and provided examples of public policy options to reduce recidivism.

Mr. Jesse said the Trust has been working on a plan to provide a workforce development strategy for Alaska. He described a plan to pay student loans for health-care professionals who stay in Alaska and supporting increments to the University of Alaska to further develop health programs. He referred to the Trust Beneficiary Projects Initiative, which helps people integrate recovery into their lives.

Mr. Jesse addressed Medicaid, which provides funding for Alaska's mental health programs. He emphasized the need support rate adjustments and fund increments to replace Pro Share.

Representative Hawker spoke regarding rate re-basing. He noted the \$20 million placeholder in the budget for home and community based services that have not been addressed.

Vice-Chair Stoltze acknowledged the inherent problem of paid lobbyists versus citizen lobbyists.

Mr. Jesse appreciated Vice-Chair Stoltze comments and underlined that small community-based programs are the best places to put dollars.

Vice-Chair Stoltze clarified that Mr. Jesse was opposed to CONs only on the point of residential psychiatric treatment.

Representative Kelly noted that many of the beneficiaries of the AMHTA use the services that the CON supports.

[2:48:38 PM](#)

Representative Kelly believed the growth in the social services budget is unsustainable. He worried about when oil prices came down and urged the Trust to prioritize. Vice-Chair Stoltze looked forward to the debate in subcommittee.

[2:51:42 PM](#) AT EASE

[2:54:41 PM](#) RECONVENE

HOUSE BILL NO. 315

"An Act extending the termination date of the Big Game Commercial Services Board; and providing for an effective date."

LINDA HAY, STAFF, REPRESENTATIVE RALPH SAMUELS, described House Bill 315 as an extension of the Big Game Commercial Services Board to June 30, 2012, at the recommendation of the Legislative Audit Division.

PAT DAVIDSON, LEGISLATIVE AUDITOR, LEGISLATIVE AFFAIRS AGENCY, explained that the Big Game Commercial Services Board was reconstituted approximately two years ago. Normally sunset extensions are around eight years. The Board had only two years of activity under their belt at the time of the review.

[2:55:53 PM](#)

Legislative Audit recommended a four-year extension. Most of the other recommendations were administrative. Legislative Audit recommended that fees be increased to cover the costs generated by the Board.

[2:57:48 PM](#)

PAUL JOHNSON, PRESIDENT, BIG GAME COMMERCIAL SERVICES BOARD, spoke in favor of the bill. He reported that the Board spent the past two years getting up and running, and that its members are volunteers.

Mr. Johnson said in response to a query by Representative Kelly that his biggest concern was addressing complaints that have come in after a ten-year lapse. He reported that the Board now has a good investigator, great support from the Department of Commerce and have been working on their image.

ROBERT FITHIAN, EXECUTIVE DIRECTOR, ALASKA PROFESSIONAL HUNTERS' ASSOCIATION (TESTIFIED VIA TELECONFERENCE) spoke in

support of HB 315. He believes the oversight board is vital to the integrity of Alaska's guide and transporter industries, to prudent wildlife conservation, and to sustainable economy in rural Alaska. The Board also represents a much needed buffer between Alaska's public resources of wildlife and wild lands, and exploitation by the professional guide and transporter industries.

Mr. Fithian said that six years ago Alaska had a blemished image in relation to how the State managed guide industries and wildlife, and the lack of consumer protection. He described the three years of hard work re-creating the Board. In a recent meeting with a worldwide group of guide and outfitter association representatives, people from all over the world requested the footprint for how Alaska established the current guide and outfitting licensing standards. He said the Board is working exceptionally well, supported by all affiliated state and federal agencies. The Board carries its own weight financially.

[3:03:10 PM](#)

Vice-Chair Stoltze observed that the United States Department of Agriculture is in favor of this bill. He wondered why the federal government is interested in the issue.

Mr. Johnson explained that the Board has learned from experience that cooperating with the federal agencies on land use and other issues, then the State can make its own laws and regulations with local input.

[3:05:14 PM](#)

Co-Chair Meyer opened discussion of the new fiscal note.

JENNIFER STRICKLER, LICENSING CHIEF, DIVISION OF CORPORATIONS BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, pointed out that the fiscal note before the Committee reflects both direct and indirect costs to the Big Game Commercial Services Board. She explained that all professional licensing programs are responsible by statute for covering costs through licensing fees. The Board's costs are built into the standard operating budget.

Ms. Strickler explained that the Board is staffed by two full-time occupational examiner positions. One of the positions is currently vacant due to difficulties in recruiting because of the pay ranges. The Board is receiving the support of a dedicated investigator. Other costs are indirect costs, for example, the supervisors that have been sitting in with the licensing examiners to help staff the

Board and the regulations specialists that have helped to promulgate the regulations and other management costs.

[3:07:19 PM](#)

Co-Chair Chenault wanted clarification regarding travel costs which he thought looked high.

Ms. Strickler indicated that the Board meets twice a year. Licensing examinations are given during the meeting because the presence Board members and staff are necessary to conduct examinations. The meeting lasts for a week and costs around \$35,000. Sometimes members are required to fly exam proctors (professional licensees) to come and help with the exams. If the proctors can drive, their mileage is covered.

Co-Chair Chenault asked if all the other costs were covered in the \$108,000 for contractual services. Ms. Strickler answered that the contractual costs cover legal fees, expert witnesses and also re-writes of the guide licensing examinations. The examination is currently being re-written, which is a major undertaking. Co-Chair Chenault asked if the examinations would be re-written every year. Ms. Strickler hoped not, but explained that the examination is extensive.

Co-Chair Chenault pointed out that the cost was projected out through the length of the extension. He noted the Board has nine board members.

[3:10:11 PM](#)

Co-Chair Meyer had further questions about travel costs. He pointed out that if the Board meets twice each year, at a cost of \$35,000 each meeting, the total would be \$70,000. He asked what the other \$30,000 on the fiscal note was used for.

Ms. Strickler answered that the Board sends investigators to conferences outside Alaska. The investigators also work with other law enforcement agencies, such as Fish and Wildlife Protection, and need to travel to hearings.

Co-Chair Meyer thought the justification sounded weak. Co-Chair Chenault wanted to know how many investigators the Board utilized. Ms. Strickler answered one there was one investigator, with one position for investigator still open.

Representative Kelly wondered if the position that hasn't been filled could be eliminated since the Board is performing so well without it. Ms. Strickler answered that currently a supervisor is filling in as much as she can. However, there are major projects require much staff time, including the guide scanning project. The Board is always behind with requests from enforcement officers for these

records. Once that process is completed, she thought one staff position to the Board could be reduced.

[3:13:16 PM](#)

Representative Kelly thought more information was needed and that the vacancy rate was a budget issue. Co-Chair Meyer thought the bill could be passed out of committee with the current fiscal note and then changes could still be made in the budget. Representative Hawker observed that as a statutory board, the Board is separately accounted and not part of the Department's general fund budget.

Representative Joule added that the absence of the Board for about ten years created significant problems. He referred to the effort taken to get the Board running again and noted that part of the Board's success will depend on how well it is maintained. He understood the need to scrutinize but did not want the Board to fall behind again. Representative Kelly thought any problems could be handled in committee.

[3:16:07 PM](#)

Representative Hawker asked if the fiscal note reflects the increase in fee rates. He wondered how personal services positions are acquired. Ms. Strickler answered that personal services positions are not listed on the fiscal note because they are not exclusively authorized through the budget process. Occupational licensing examiner positions are authorized through the Division's budget. Management assigns the various licensing programs to the positions.

Representative Hawker discussed the difference between contractual services to an agency and personal services.

[3:18:42 PM](#)

Co-Chair Chenault MOVED to REPORT HB 315 out of Committee with individual recommendations and the new attached fiscal note dated 2/4/08. There being NO OBJECTION, it was so ordered.

HB 315 was reported out of Committee with a "no recommendation" and with a new fiscal note by the Department of Commerce, Community and Economic Development.

#### ADJOURNMENT

The meeting was adjourned at 3:19 PM.