

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

March 22, 2007

3:06 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Anna Fairclough
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

Representative Bob Roses, Vice Chair
Representative Mark Neuman

OTHER LEGISLATORS PRESENT

Representative Bryce Edgmon
Representative Bill Thomas

COMMITTEE CALENDAR

HOUSE BILL NO. 72

"An Act relating to the district cost factors for state funding of public education; providing for an effective date by repealing the delayed effective date of sec. 6, ch. 41, SLA 2006; and providing for an effective date."

- MOVED HB 72 OUT OF COMMITTEE

HOUSE BILL NO. 181

"An Act relating to traffic offenses and traffic offenses committed in a school zone; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 198

"An Act establishing the Alaska senior assistance payment program; repealing the senior care and longevity bonus payment programs; and providing for an effective date."

- MOVED CSHB 198(HES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 72

SHORT TITLE: SCHOOL DISTRICT COST FACTORS

SPONSOR(s): REPRESENTATIVE(s) CHENAULT, SEATON, OLSON, LEDOUX

01/16/07 (H) PREFILE RELEASED 1/5/07
01/16/07 (H) READ THE FIRST TIME - REFERRALS
01/16/07 (H) HES, FIN
03/22/07 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 181

SHORT TITLE: TRAFFIC OFFENSES: FINES/SCHOOL ZONES

SPONSOR(s): REPRESENTATIVE(s) WILSON

03/07/07 (H) READ THE FIRST TIME - REFERRALS
03/07/07 (H) HES, JUD
03/22/07 (H) HES AT 3:00 PM CAPITOL 106

BILL: HB 198

SHORT TITLE: SENIOR ASSISTANCE PAYMENT PROGRAM

SPONSOR(s): REPRESENTATIVE(s) HAWKER

03/14/07 (H) READ THE FIRST TIME - REFERRALS
03/14/07 (H) HES, FIN
03/22/07 (H) HES AT 3:00 PM CAPITOL 106

WITNESS REGISTER

REPRESENTATIVE MIKE CHENAULT

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 72, as the prime sponsor.

BLAINE GILMAN, Attorney at Law

Lobbyist for the Kenai Peninsula Borough

Kenai, Alaska

POSITION STATEMENT: Speaking as a registered lobbyist for the Kenai Peninsula Borough, and as a parent, testified in support of HB 72.

MARGARET GILMAN

Kenai, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 72.

PETER KLAUDER, President

Klauder & Company Architects
Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 72.

CAROLANN BARUM
Kenai, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 72.

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

POSITION STATEMENT: Testified during the hearing on HB 72.

FRANCIE ROBERTS, Teacher
Homer High School
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 72.

RON LONG
Seward, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 72.

DAVE JONES, Director of Finance
Kodiak Island Borough School District
Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 72.

PATTY RICH
Sterling, Alaska

POSITION STATEMENT: Testified in support of HB 72.

JOHN WILLIAMS, Mayor
Kenai Peninsula Borough
Soldotna, AK

POSITION STATEMENT: Testified in support of HB 72.

JENNIE HAMMOND
Nikiski, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 72.

DEBORAH GERMANO, Member
Kenai Peninsula Borough Assembly
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 72.

BILL HATCH, Member
Kenai Peninsula Borough School Board
Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 72.

MILLI MARTIN, Member
Kenai Peninsula Borough Assembly
Homer, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 72.

LIZ DOWNING, Member
Kenai Peninsula Borough School Board
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 72.

PHILIPPA SONNICHSEN
Kenai, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 72.

PETER LARSON
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 72.

MELODY DOUGLAS, Chief Financial Officer
Kenai Peninsula Borough School District
Soldotna, Alaska

POSITION STATEMENT: Testified in support of HB 72.

GINNY ESPENSHADE
Homer, Alaska

POSITION STATEMENT: Testified during the hearing on HB 72.

MEGAN O'NEILL
Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 72.

CARL ROSE, Executive Director
Association of Alaska School Boards.
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 72.

MARY FRANCIS, Executive Director
Alaska Council of School Administrators

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 72.

JOHN ALCANTRA, Government Relations Officer

National Education Association-Alaska

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 72.

ROBERT MYERS, JR., Intern

to Representative Peggy Wilson

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced HB 181 on behalf of Representative Peggy Wilson, sponsor.

REPRESENTATIVE MIKE HAWKER, Member

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, introduced HB 198.

FRANK APPEL, Chair

Alaska Commission on Aging

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 198.

RALPH C. HUNT, Member

Pioneers of Alaska

Juneau, Alaska

POSITION STATEMENT: Speaking as an individual, testified in support of HB 198.

PAT LEVY, Advocacy Director

American Association of Retired Persons

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 198.

MARIE DARLIN, Coordinator

Capital City Task Force

American Association of Retired Persons (AARP), Alaska

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 198.

JAMES CARROLL, Member

Juneau Retired Teachers Association

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 198.

KARLEEN JACKSON, Commissioner
Department of Health & Social Services
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 198.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social Services Standing Committee meeting to order at [3:06:36 PM](#). Representatives Wilson, Gardner, Seaton, and Fairclough were present at the call to order. Representative Cissna arrived as the meeting was in progress.

HB 72-SCHOOL DISTRICT COST FACTORS

[3:07:06 PM](#)

CHAIR WILSON announced that the first order of business would be HOUSE BILL NO. 72, "An Act relating to the district cost factors for state funding of public education; providing for an effective date by repealing the delayed effective date of sec. 6, ch. 41, SLA 2006; and providing for an effective date."

[3:07:34 PM](#)

REPRESENTATIVE MIKE CHENAULT, Alaska State Legislature, presented HB 72, as the prime sponsor. He pointed out that cost differential factors for educational funding have been an issue for some time. Representative Chenault said that HB 72 will enact the results of the Institute of Social and Economic Research (ISER), University of Alaska, Anchorage, study that was done to evaluate the differential cost factors for different parts of the state. He informed the committee that the current foundation formula bill was passed in 1998, and allows for adjustments to be made to the formula. School districts around the state have proven that there is a problem with the formula. He noted that funding to 100 percent of the ISER study recommendations will mean an additional \$10 million dollars for the school district in Kenai. The previous funding formula has been especially difficult for the smaller school districts. In fact, today the larger school districts are beginning to feel the changes in their budgets, due to the cost factors, which the smaller school districts have been experiencing for seven years. He said that the results of inadequate school funding include the loss of bus transportation, class consolidation, and even school closures, although the school districts are doing everything that they can to utilize the funds that the state

provides. Representative Chenault observed that some cities and boroughs provide as much additional funding as is allowed in an attempt to ease the crisis in their schools.

[3:15:32 PM](#)

REPRESENTATIVE GARDNER recalled that last year 25 percent of the ISER recommendations were implemented. She asked whether a similar additional percentage was planned for subsequent years.

REPRESENTATIVE CHENAULT explained that 25 percent was appropriated last year, with a provision to revisit the formula each year. He suggested that [the increased percentage] should be in the formula.

REPRESENTATIVE GARDNER observed that there are vast inequities in school funding across the state. She asked what effect the passage of HB 72 would have on Anchorage.

REPRESENTATIVE CHENAULT answered that if \$72 million are added to the formula, it would not have a negative impact on Anchorage. However, this amount added to the formula would not gain Anchorage any funds.

[3:18:26 PM](#)

REPRESENTATIVE GARDNER stated that there is a dispute about some of the underpinnings and conclusions of the ISER study and she asked to have someone come forward to discuss those issues.

[3:19:04 PM](#)

REPRESENTATIVE FAIRCLOUGH asked how school districts qualify for power cost equalization. In addition, Anchorage, as a regional hub, requires more special needs funding due to the high density of special needs children there. She asked for information on how the ISER study reflects this additional need. Referring to the fiscal note, Representative Fairclough then asked for an explanation of the following: "Money in the Public Education Fund (PEF) flows to K-12 support with out further appropriation for distribution to school districts."

[3:20:47 PM](#)

CHAIR WILSON indicated that public testimony would be taken before the analysis by the Department of Education & Early Development (EED).

3:21:08 PM

BLAINE GILMAN, Attorney at Law, Lobbyist for the Kenai Peninsula Borough, stated the borough's support for HB 72. He explained that, according to the ISER report, the Kenai Peninsula Borough School District ("KPBSD") will be underfunded by over \$11 million in FY 08. The cause of the under funding is that the current cost differential treats the KPBSD as an urban school district; however, it serves rural and urban schools, including four village schools. Mr. Gilman said current funding allows KPBSD only four-tenths of one percent over the Anchorage school district allowance. This district has always been supported by local government at the maximum allowable level and maintains the lowest administrative costs of any school district in the state. Under the current funding, 72 teachers will need to be laid off and will result in student teacher ratios to be raised to 1:24 for kindergarten classes. In the smaller schools, the teachers will be teaching multiple grade level classes. With all of these measures the district will still be operating with a deficit of \$2 million. He opined that his public education in Kenai was more complete than what his children are receiving now, that school funding is inadequate, and that education is taking a step backward. Mr. Gilman concluded by saying that the cost differential is the most critical problem facing the KPBSD today and urged members to pass HB 72 from committee.

3:25:12 PM

MARGARET GILMAN informed the committee that she was speaking for her four school-aged children and stated her support for HB 72. Ms. Gilman pointed out the opportunities she received while attending public school in Kenai and said that the quality of school has become minimized. At this time there are no supplemental classes outside of what is required for passing the high school graduation exams. As a society, we want to do more for our children, not less. Ms. Gilman urged the committee to pass HB 72, in order to prevent this generation of Alaskans from being offered fewer opportunities for education.

3:27:10 PM

Peter Klauder, President of Klauder & Company Architects, stated his support for HB 72 and described how he originally looked forward to having his children attend public school in Kenai. Mr. Klauder said that he and his wife, a school nurse, have been active in the schools as volunteers and as school employees.

Since his children have started school, funding has been cut and the supplemental teachers and programs have been eliminated; beginning with the librarian and music and art programs. He informed the committee that advanced placement high school classes for seniors may not be available soon. Mr. Klauder strongly urged the committee's support for HB 72, which will provide some equity in the distribution of school funding.

[3:29:46 PM](#)

CAROLANN BARUM stated her support for HB 72 and said that she has watched the educational opportunities at the schools in Kenai decrease. As a professional health care provider with two children, she researched the schools several years ago and relocated to Kenai because of the school system; however, the schools have lost librarians, music and advanced placement classes. Ms. Barum urged the committee's support of HB 72.

[3:32:00 PM](#)

EDDY JEANS, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), said that HB 72 will implement the full recommendations of the 2005 ISER report. Mr. Jeans explained that the fiscal note cost of \$72,608 million represents the remainder outstanding after the previous appropriation of \$24 million. In response to the question from Representative Fairclough, he explained that monies that are appropriated to the PEF are held in that fund until disbursed by EED, according to statutory entitlement.

[3:34:09 PM](#)

CHAIR WILSON asked whether the PEF is a different fund.

MR. JEANS answered that the PEF is the same fund passed out of this committee to the House Finance Committee, and it also funds the foundation and pupil transportation fund. Also included in that appropriations bill was additional funding to the Department of Administration for the Public Employee's and Teacher's Retirement System (PERS/TRS).

[3:34:43 PM](#)

REPRESENTATIVE FAIRCLOUGH asked whether Chair Wilson was referring to the Education Endowment fund.

[3:34:57 PM](#)

CHAIR WILSON recalled that last year funds for education were set aside.

MR. JEANS explained that monies are held in the PEF fund, and the fund can be over funded, like a holding account, and funds are disbursed by additional appropriations.

CHAIR WILSON asked whether schools receive money from the EED on a monthly basis.

MR. JEANS said yes. Monthly payments are a statutory requirement.

[3:35:38 PM](#)

REPRESENTATIVE FAIRCLOUGH asked whether education has only one fund.

MR. JEANS answered yes. He then said that there is one fund for the pupil transportation and foundation programs.

REPRESENTATIVE FAIRCLOUGH expressed her understanding that the state legislature has a holding account, that has money in it, for forward funding of education. She asked whether there was an account that does not "move forward."

MR. JEANS responded that [PEF] is the account and it does not require further appropriation from the legislature, once the appropriation is made to the fund.

[3:36:37 PM](#)

REPRESENTATIVE GARDNER asked about the basic disputes regarding the ISER study.

MR. JEANS replied that the one area under the ISER study that is under dispute is the issue dealing with teacher compensation. He explained that the American Institute for Research (AIR) reported that average teacher salaries were the same across the state. However, the ISER peer review indicated that certain aspects were not taken into consideration, such as teacher experience, turnover, and longevity. Mr. Jeans opined that the cost differentials reported by the ISER study were substantially higher after these factors were included.

[3:38:36 PM](#)

FRANCIE ROBERTS informed the committee that she is a high school teacher at Homer High School and stated her support for HB 72. Ms. Roberts explained that in the past 13 years the 500 student high school has lost home economics, photography, two foreign languages, drama, and the gifted and talented program. There is one vocational education teacher, one counselor, and the athletic director and librarian are half-time. She opined that it has been sad to see the school programs dwindle over the last fifteen years. A small school in the area has been closed. Ms. Roberts urged the committee to support 100 percent funding of the ISER study.

[3:41:14 PM](#)

RON LONG informed the committee that he is a resident of Seward and is testifying on his own behalf. He stated his support for HB 72 and described the lack of funding for the Kenai Peninsula Borough School District. Mr. Long said that there is an inequitable distribution of educational funding throughout the state. The borough has been funding education to the maximum allowed, but programs are still being lost. It is not a function of enrollment or high administration costs, he opined, it is a problem of the cost differential. Mr. Long urged the committee to seriously consider HB 72.

REPRESENTATIVE GARDNER asked what percent of the budget is allocated to administration costs.

MR. LONG estimated 3 percent.

[3:43:47 PM](#)

DAVE JONES, Director of Finance, Kodiak Island Borough School District, explained that the current funding formula appropriated by SB 36 was based on the McDowell study. He recalled that the McDowell study included a disclaimer that the study was not sufficient on which to base a funding formula; however, that is what happened. SB36 called for EED to redo the cost factors, and the department ordered the AIR study, which was never implemented. Now, there is the ISER peer review and recommendations which take teacher turnover under consideration and are better tools to utilize than SB36. Mr. Jones drew an analogy of PERS/TRS and payments made outside of the formula. The full study needs to be implemented, he stressed.

[3:46:54 PM](#)

PATTY RICH stated her support for HB 72. She informed the committee that Kenai Peninsula Borough school funding has been declining for several years and needs to be restored. In the 20 years she has had children in the school system she has witnessed program reductions. She urged the committee to fund schools adequately and fairly.

[3:47:51 PM](#)

John Williams, Mayor, Kenai Peninsula Borough, stated his support for HB 72, and said that without adequate funding it is not possible to maintain good teacher and administrative levels. He noted that the schools in his borough are remote and must provide teacher housing and transportation. He gave examples of teacher shortages at the borough schools and the lack of vocational educational programs. Mayor Williams concluded by saying that the Kenai Peninsula Borough is very supportive of bring funding to the ISER report level.

[3:50:21 PM](#)

JENNIE HAMMOND told the committee that her kindergartener at Nikiski North Star Elementary School has 23 children in her class and her second grader has 25 students in his class. The school projects next year's enrollment to be 368 students with 14 teachers. She expressed her hope that more funding will be available next year.

[3:51:45 PM](#)

DEBORAH GERMANO, Member, Kenai Peninsula Borough Assembly, asked the committee to look at the inequities of funding. She noted that Anchorage citizens can provide support for education by additional municipal funding; however, the Kenai Peninsula Borough is funding its schools to the maximum amount. In addition, she pointed out that her borough is using general funds for pupil transportation. Ms. Germano urged the committee to support HB 72.

[3:53:53 PM](#)

REPRESENTATIVE GARDNER clarified that she had asked whether the bill would hurt Anchorage, not what the bill would do for Anchorage.

[3:54:22 PM](#)

BILL HATCH, Member, Kenai Peninsula School Board, recalled that at one time the schools in Kenai were well equipped. Presently, funding cuts have taken their resources beyond the bare bones and students are suffering. Large and small schools have lost programs and important courses are no longer available.

[3:56:10 PM](#)

REPRESENTATIVE GARDNER asked what percent of the school district budget is administration.

MR. HATCH said about four percent.

[3:56:21 PM](#)

MILLI MARTIN, Member, Kenai Peninsula Borough Assembly, stated that she was testifying on her own behalf. She said that the Kenai Peninsula Borough covers an area of 25,000 square miles, and supports 44 schools. Five of the schools are not accessible on the road system; and yet, Kenai schools are funded at a level close to that of Anchorage and the Mat-Su school districts. Ms. Martin opined that, if Anchorage were funded at Kenai's level, the projected loss of teachers to Anchorage would be 350, rather than the projected 100. She pointed out that property taxes in the Kenai Peninsula Borough are paying a disproportionate share of education costs. Ms. Martin strongly urged the committee to enact HB 72.

[3:58:51 PM](#)

LIZ DOWNING, Member, Kenai Peninsula Borough School Board, informed the committee that as a school board member, the most frequent comment she hears is that Alaska, one of the wealthiest states, does not have the will to fund its educational system. She noted that families are leaving the state because of the minimal school opportunities for their children. Ms. Downing stated that her school district is limited to teaching core classes and the best new teachers are being laid off. This situation, she said, is the result of not implementing ISER for the last 15 years. She concluded by saying that this is not what the students deserve, or what is wanted for our children, and asked that the full amount of the ISER study be funded.

[4:01:21 PM](#)

PHILIPPA SONNICHSEN informed that committee that she and her husband have two children in the Kenai school system. Ms. Sonnichsen pointed out that her school district supports a school in Seldovia, and it is very expensive to maintain schools that are off the road system. She said that she is supporting HB 72 because it is the right thing to do. Current cost differentials are unfair to the Kenai Peninsula Borough School District.

[4:02:43 PM](#)

PETER LARSON described his extensive experience as a teacher and administrator working for 32 years in the Kenai Peninsula Borough School District and elsewhere. He expressed his concern over the decline in educational funding that began in 1986. Teachers and administrators are being held to an impossible standard as programs, staff, and resources are cut. He suggested that cookie sales can not attract the highest standard of teachers to the district. His international experience has shown that Alaska students are losing the competitive edge needed to succeed. At one time, the international programs were behind the quality standards of Kenai schools; however, the situation has reversed. He urged the committee to correct the funding formula, increase funding to all schools, and forward fund education.

[4:05:17 PM](#)

MELODY DOUGLAS, Chief Financial Officer, Kenai Peninsula Borough School District, expressed her belief that any study of differential cost will be faulted; however, the state needs to move ahead to begin to recover from the past losses. Her district has a \$1 million shortfall in transportation which must be made up by the general fund. Ms. Douglas relayed the effects of the increased costs of liability and property insurance, workman's compensation costs, health care, and utilities. She urged the committee to choose to support Alaska's most important resource, its children.

REPRESENTATIVE SEATON asked for the percentage of the budget that goes into administration, and how it compares to the other school districts.

MS. DOUGLAS answered that administration costs are about four percent and every district is in a reduction mode in that regard.

[4:07:56 PM](#)

GINNY ESPENSHADE stated that she has had a child in the public school system for 14 years. She opined that the legislature has had years to understand the ISER study and the complexities of this issue.

[4:09:03 PM](#)

MEGAN O'NEILL informed the committee that Alaska is a state that develops its natural resources, but for 15 years its children have not been developed. She opined that the state will pay, with jails and other negative outcomes, if the schools are not funded. Ms. O'Neill strongly urged the committee to support HB 72.

[4:10:39 PM](#)

CARL ROSE, Executive Director, Association of Alaska School Boards (AASB), reminded the committee that under the former foundation formula there was an oversight regarding small, single site schools and the legislature mitigated that problem for ten of the next eleven years. When SB36 was passed, it was controversial, but it was understood that the funding was not adequate and that the formula would be revisited. Therefore, the AIR and ISER studies were completed. The AASB supports 100 percent implementation of the ISER study and supports HB 72. Mr. Rose added that the policy issues regarding this bill have been covered.

[4:12:06 PM](#)

MARY FRANCIS, Executive Director, Alaska Council of School Administrators (ACSA), recalled that the education cost differential has not been adjusted, but once since 1998, and the failure to do so threatens the integrity of the foundation formula program. She said that the ACSA is in support of full funding of the ISER study and reiterated that HB 72 should be accompanied by an increase in the base student allocation to all school districts. Dr. Francis noted that her association discussed the flaws in the ISER study and concluded that the current formula is flawed.

[4:13:16 PM](#)

JOHN ALCANTRA, Government Relations Director, National Education Association-Alaska (NEA-Alaska), informed the committee that his

association represents 13,000 public school employees and strongly supports HB 72. He said that he has visited many of the small schools in the rural areas and his experience shows that the rural schools do not have the opportunities for their students that the urban schools have. These schools will be positively impacted by HB 72 and urged its passage.

[4:14:52 PM](#)

CHAIR WILSON closed public testimony.

[4:15:02 PM](#)

REPRESENTATIVE GARDNER explained that sometimes questions are asked so that the answer can be on the record, not to reflect support or opposition to a bill. She then moved to report HB 72 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 72 was reported out of the House Health, Education and Social Services Standing Committee.

HB 181-TRAFFIC OFFENSES: FINES/SCHOOL ZONES

[4:15:55 PM](#)

CHAIR WILSON announced that the next order of business would be HOUSE BILL NO. 181, "An Act relating to traffic offenses and traffic offenses committed in a school zone; and providing for an effective date."

REPRESENTATIVE SEATON moved to adopt CSHB 181, 25-LS0613\L as the working document. There being no objection, Version L was before the committee.

[4:16:26 PM](#)

ROBERT MYERS, JR., Intern to Representative Peggy Wilson, Alaska State Legislature, introduced HB 181 on behalf of Representative Wilson, sponsor. Mr. Myers relayed that HB 181 will increase the safety of children in school zones. For example, a child on foot has a 55 percent survival rate when hit by a car traveling at 30 miles per hour; however, when the speed of the car is reduced to 20 miles per hour, the survival rate is 90 percent.

CHAIR WILSON announced that HB 181 was only to be introduced at this time and will be brought back to the committee at a later date.

[Although not formally announced, HB 181 was held over with public testimony open.]

HB 198-SENIOR ASSISTANCE PAYMENT PROGRAM

[4:18:21 PM](#)

CHAIR WILSON announced that the final order of business would be HOUSE BILL NO. 198, "An Act establishing the Alaska senior assistance payment program; repealing the senior care and longevity bonus payment programs; and providing for an effective date."

REPRESENTATIVE MIKE HAWKER, Alaska State Legislature, introduced HB 198, as the prime sponsor. He noted his membership on the House Finance Committee and chairmanship of the budget subcommittee for HESS and said that, in those capacities, he has been made aware of the importance of unrestricted cash state assistance to seniors. Representative Hawker recalled that, in 2003, the legislature did not fund the longevity bonus, the act that originally provided assistance to seniors who qualified only by the length of their residency in the state. He explained the history of the Senior Care program, a needs-based program, that provided a cash assistance payment to low income seniors. However, the Senior Care program did not accomplish its objective to provide assistance with the cost of prescription drugs. Representative Hawker pointed out that the real needs of low income seniors in Alaska are addressed by HB 198. The bill offers a restoration of a cash benefit program for qualified seniors, and will be effective as the previous program sunsets on June 30, 2007. He continued to explain that HB 198 creates a tiered payment system and that monthly payments are: \$250 per month to individuals with income less than 75 percent of federal poverty level guidelines for Alaska (FPL-A); \$175 per month to individuals with income from 75 percent to less than 100 percent of FPL-A; \$125 per month to individuals with income from 100 percent to less than 135 percent of FPL-A. He stressed that the program is needs-based; however, the it will not be supported by Medicaid matching funds because the program provides a cash assistance benefit.

[4:25:34 PM](#)

REPRESENTATIVE HAWKER concluded by saying that HB 198 creates a single program for the benefit of low income seniors and delivers help to all seniors who meet the eligibility

requirements. In addition, this bill does not include a regulatory asset test limit and, therefore, is a fair and balanced approach to providing benefits to seniors. He noted that HB 198 includes a sunset clause for June 30, 2011, and the Senior Assistance Payment Program can be revisited at that time.

[4:26:47 PM](#)

REPRESENTATIVE GARDNER acknowledged that the cancellation of the longevity bonus program was unfair. She asked whether the assistance payment is included when calculating the senior's poverty level.

REPRESENTATIVE HAWKER replied that the income from the program is not included in the eligibility testing for the program. He added that HB 198 is a needs-based program, and does not require a hold harmless provision in the statute.

[4:28:53 PM](#)

REPRESENTATIVE GARDNER observed that the assistance program should elevate the elderly and low income seniors above the poverty level.

REPRESENTATIVE HAWKER opined that the state can not guarantee every resident a certain lifestyle.

[4:29:47 PM](#)

REPRESENTATIVE SEATON expressed his appreciation of the fact that a previously qualified senior will not need to re-apply for this program. He then asked for the definition of state residency.

REPRESENTATIVE HAWKER acknowledged that state residency is not stipulated in this bill, but that residency has an ubiquitous definition within the entire public assistance arena.

REPRESENTATIVE SEATON clarified that the intention of HB 198 is to not require residency, although residency is required to receive an Alaska Permanent Fund dividend.

REPRESENTATIVE HAWKER confirmed that there is no intent to include restrictive residency requirements in this bill.

[4:31:57 PM](#)

REPRESENTATIVE SEATON recalled that when the senior care program was first passed, the sunset date was intended to coordinate with a federal senior program.

REPRESENTATIVE HAWKER agreed that, in the original concept of the senior care program, there was an intent to coordinate with a senior federal prescription drug benefit program, but neither prescription drug program has been successful.

CHAIR WILSON added that only 140 people applied.

[4:33:50 PM](#)

FRANK APPEL, Chair, Alaska Commission on Aging, stated his commission's support for HB 198. He said that low income seniors struggle to pay for food and heating fuel. Cash assistance, based on income, will enable seniors to continue to live independently. The Alaska Commission on Aging reviewed the bill and suggested that the legislature consider increasing the eligibility to 135 percent of the poverty level. Nevertheless, he said that the commission requests the committee's support of HB 198.

[4:35:42 PM](#)

RALPH C. HUNT, Member, Pioneers of Alaska, stated his support for HB 198, and said that, although he would not be in need without this bill, many people would benefit from its passage.

[4:36:43 PM](#)

PAT LEVY, Advocacy Director, American Association of Retired Persons (AARP), Alaska, informed the committee that the AARP's policy, set by the board of directors, supports government assistance to those most in need. He suggested that HB 198 is better public policy than the restoration of the longevity bonus. The bill also addresses the needs of older Alaskans between the ages of 65 and 75, who do not qualify for the longevity bonus. Mr. Levy expressed AARP's concern that cash payments may not be enough to keep seniors out of nursing homes. Therefore, support for services such as, Meals on Wheels, adult day care, and the Keep the Elders at Home Initiative must continue. He suggested increasing the eligibility to 150 percent or 175 percent of the poverty level, if possible. In response to Representative Gardner's question, he opined that HB 198 will bring the seniors with the lowest income above the

poverty level. Mr. Levy concluded by saying that HB 198 is a very good public policy program.

[4:39:53 PM](#)

MARIE DARLIN, Coordinator, Capital City Task Force, American Association of Retired Persons (AARP), Alaska, spoke of the older residents who will benefit from the passage of HB 198. She said that lower income older people in Alaska fall into three categories: people who worked for low wages, often at two jobs, but never accumulated much and they come to age 65 with minimum social security; people in remote Alaska, especially those with subsistence lifestyles, who never saw much cash when they were young and do not have much cash as elders; older people, especially older women, who saved their whole life but, usually because of health care costs, often for a terminally ill spouse, used their savings to pay for health care, and find themselves at a lower income after retirement. Ms. Darlin opined that HB 198 is designed to help those who need it the most and is good public policy that will help many older Alaskans deal with circumstances beyond their control.

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JAMES CARROLL, Member, Juneau Retired Teachers Association, expressed his organization's support for HB 198. However, he requested that the longevity bonus program be kept on the books and not forgotten.

[4:42:57 PM](#)

Karleen Jackson, Commissioner, Department of Health & Social Services, advised the committee that HB 198 is an enhancement to HB 148 in that it is a needs-based program. Commissioner Jackson said that her department supports HB 198 with the caveat that the longevity bonus should also be considered, relaying Governor Palin's message that "a promise made should be a promise kept."

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CHAIR WILSON closed public testimony.

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REPRESENTATIVE FAIRCLOUGH expressed her understanding that the fastest growing population in the state is residents over the

age of 65. She asked whether the financial analysis of the future cost of the bill takes into consideration the growth in the number of seniors who will qualify for the program, or if research shows that aging residents are in a better state of financial security than their predecessors.

REPRESENTATIVE HAWKER affirmed that demographics, stratified by age, indicate a growing senior population. One recent study of economic trends projected a marked increase, beginning in 2015 and continuing to 2025, of residents who will qualify for Medicaid. By the year 2025, Medicaid enrollment may increase to 25,000 seniors. The potential growth of this program is of serious concern and it is incumbent upon the legislature to reassess the needs of communities and the allocation of resources in four years. Representative Hawker expressed his belief that the state must make an increasing commitment to seniors to address this demographic change.

REPRESENTATIVE FAIRCLOUGH referred to the 135 percent poverty level cap and inquired as to the financial impact of raising the eligibility level to, for example, 150 percent. She asked whether Representative Hawker would support an amendment that raises the eligibility level.

REPRESENTATIVE HAWKER noted that 135 percent of poverty level is the eligibility cap for the current Senior Care Program. He reiterated that HB 198 increases the eligibility of many seniors by the removal of the assets test. However, moving the eligibility cap up, in addition, makes predicting the financial costs of the bill speculative. For example, moving to the [150 percent] level increases the cost of the program to \$18 million, and a cap of 175 percent would increase the cost to \$20 million. He agreed that it would be good to explore the tolerance of the legislature for increasing the fiscal note, but he cautioned against increasing the cap by a committee amendment at this time without further research.

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REPRESENTATIVE FAIRCLOUGH stated her support for the bill and acknowledged the probability of further examination of the eligibility level by the finance committee.

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CHAIR WILSON pointed out that the needs of seniors are great and she also encouraged the sponsor to look at raising the eligibility cap.

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REPRESENTATIVE SEATON expressed his support of the fact that HB 189 does not tie eligibility to a fixed number and, therefore, eligibility will increase as the poverty guideline increases.

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REPRESENTATIVE HAWKER affirmed that the previous program did not allow annual adjustments of the poverty level. HB 189 will specifically allow the guidelines to move with the annual adjustments issued by the federal government.

CHAIR WILSON provided an example of why that is important.

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REPRESENTATIVE SEATON moved to report HB 198 out of committee with individual recommendations and the accompanying fiscal notes. There being no objections, HB 198 was reported from the House Health, Education and Social Services Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Health, Education and Social Services Standing Committee meeting was adjourned at [4:54:20 PM](#).