

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

March 29, 2008

9:02 a.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Bob Roses, Vice Chair
Representative Wes Keller
Representative Paul Seaton
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

Representative Anna Fairclough

OTHER LEGISLATORS PRESENT

Senator Bill Wielechowski

COMMITTEE CALENDAR

SENATE CONCURRENT RESOLUTION NO. 14
Proclaiming February 4 - 10, 2008, as Perianesthesia Nurses
Week.

- MOVED SCR 14 OUT OF COMMITTEE

SPONSOR SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 19
Relating to implementation of the recommendations of the
Governor's Summit on Early Learning.

- MOVED SSSCR 19 OUT OF COMMITTEE

HOUSE BILL NO. 422

"An Act repealing the Alaska children's trust; establishing
conditions for a grant to a named recipient of the balance of
the Alaska children's trust; designating certain receipts as
available for a grant to a named recipient for child abuse and
neglect prevention; and providing for an effective date."

- MOVED HB 422 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SCR 14

SHORT TITLE: PERIANESTHESIA NURSES WEEK: FEB 2008

SPONSOR(S): SENATOR(S) GREEN

01/18/08 (S) READ THE FIRST TIME - REFERRALS
01/18/08 (S) HES
03/12/08 (S) HES WAIVED PUBLIC HEARING NOTICE, RULE
23
03/12/08 (S) HES AT 5:00 PM BUTROVICH 205
03/12/08 (S) Moved SCR 14 Out of Committee
03/12/08 (S) MINUTE(HES)
03/14/08 (S) HES RPT 4DP
03/14/08 (S) DP: DAVIS, ELTON, THOMAS, COWDERY
03/14/08 (S) BEFORE THE SENATE ON FINAL PASSAGE
03/14/08 (S) TRANSMITTED TO (H)
03/14/08 (S) VERSION: SCR 14
03/17/08 (H) READ THE FIRST TIME - REFERRALS
03/17/08 (H) HES
03/29/08 (H) HES AT 9:00 AM CAPITOL 106

BILL: SCR 19

SHORT TITLE: GOVERNOR'S SUMMIT ON EARLY LEARNING

SPONSOR(S): SENATOR(S) WIELECHOWSKI

02/19/08 (S) READ THE FIRST TIME - REFERRALS
02/19/08 (S) HES, FIN
03/10/08 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
03/10/08 (S) HES
03/10/08 (S) HES AT 5:00 PM BUTROVICH 205
03/10/08 (S) Moved SSSCR 19 Out of Committee
03/10/08 (S) MINUTE(HES)
03/12/08 (S) HES RPT 4DP
03/12/08 (S) DP: DAVIS, ELTON, THOMAS, DYSON
03/17/08 (S) BEFORE THE SENATE ON FINAL PASSAGE
03/18/08 (S) TRANSMITTED TO (H)
03/18/08 (S) VERSION: SSSCR 19
03/19/08 (H) READ THE FIRST TIME - REFERRALS
03/19/08 (H) HES, FIN
03/29/08 (H) HES AT 9:00 AM CAPITOL 106

BILL: HB 422

SHORT TITLE: CHILDREN'S TRUST GRANT FOR ENDOWMENT

SPONSOR(S): HEALTH, EDUCATION & SOCIAL SERVICES

03/28/08 (H) READ THE FIRST TIME - REFERRALS
03/28/08 (H) HES, FIN
03/29/08 (H) HES AT 9:00 AM CAPITOL 106

WITNESS REGISTER

GINGER BLAISDELL, Staff
to Senator Lyda Green
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SCR 14, on behalf of Senator Green, sponsor.

MICHELLE SYDEMAN, Staff
to Senator Bill Wielechowski
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SCR 19 on behalf of Senator Wielechowski, sponsor.

GINGER BLAISDELL, Staff
to Senator Lyda Green
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided remarks on SCR 19.

TIFFANY RYAN, Executive Director
Alaska Association for the Education of Young Children (Alaska AEYC)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SSSCR 19.

ABBE HENSLEY, Executive Director
Best Beginnings
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on SSSCR 19.

CAROL PRENTICE, Academic Programs
System for Early Education Division (SEED)
University of Alaska Southeast
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on SSSCR 19.

LUPITA ALVAREZ, Director
Juneau Montessori Program
Juneau, Alaska

POSITION STATEMENT: Testified in support of SSSCR 19.

REBECCA ROONEY, Staff
to Representative Peggy Wilson

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 422, on behalf of Representative Wilson, chair of the House Health, Education and Social Services Standing Committee, sponsor.

PANU LUCIER, Executive Director
Alaska Children's Trust; Friends of the Alaska Children's Trust
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 422.

DIANE KAPLAN, Member
Alaska Children's Trust Board of Trustees
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 422.

SAMMYE POKRYFKI, Vice Chair
Friends of the Alaska Children's Trust
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 422.

KARLEEN JACKSON, Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 422.

JERRY BURNETT, Director
Administrative Services Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 422.

JEAN MISCHEL, Attorney
Legislative Legal and Research Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 422.

SALLY SADLER, Legislative Liaison
Department of Commerce, Community, & Economic Development
(DCCED)

Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 422.

ACTION NARRATIVE

CHAIR PEGGY WILSON called the House Health, Education and Social Services Standing Committee meeting to order at [9:02:46 AM](#). Representatives Keller, Seaton, Gardner, Roses, and Wilson were present at the call to order. Representative Cissna arrived as the meeting was in progress. Representative Fairclough was excused. Senator Wielechowski was also in attendance.

SCR 14 - PERIANESTHESIA NURSES WEEK: FEB 2008

[9:03:43 AM](#)

CHAIR WILSON announced that the first order of business would be SENATE CONCURRENT RESOLUTION NO. 14, Proclaiming February 4 - 10, 2008, as Perianesthesia Nurses Week.

[9:04:14 AM](#)

GINGER BLAISDELL, Staff to Senator Lyda Green, Alaska State Legislature, speaking on behalf of Senator Green, sponsor, relayed that SCR 14 recognizes perianesthesia nurses, who are those who care for patients pre operation and post operation, and who specialize in pain management and anesthesia. Although the date for the proclamation has passed, SCR 14 would finalize the honor.

[9:05:34 AM](#)

REPRESENTATIVE GARDNER noted that members' packets do not contain letters of support or opposition.

MS. BLAISDELL stated that there has not been any opposition.

[9:06:28 AM](#)

CHAIR WILSON closed public testimony on SCR 14.

[9:06:46 AM](#)

REPRESENTATIVE SEATON moved to report SCR 14 out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, SCR 14 was reported from the House Health, Education and Social Services Standing Committee.

SCR 19 - GOVERNOR'S SUMMIT ON EARLY LEARNING

9:07:04 AM

CHAIR WILSON announced that the next order of business would be SPONSOR SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 19, Relating to implementation of the recommendations of the Governor's Summit on Early Learning.

9:07:21 AM

MICHELLE SYDEMAN, Staff to Senator Bill Wielechowski, Alaska State Legislature, speaking on behalf of the sponsor, Senator Wielechowski, informed the committee that SCR 19 relates to the implementation of the recommendations of the Governor's Summit on Early Learning. She advised that Alaska was awarded a grant from the National Governors Association to hold a summit on early learning and more than 150 statewide leaders participated. One of the goals of the summit was to ensure that the state's future economy would be supported by an educated and productive workforce; therefore, the participants recommended that all children, especially those in need, have access to quality early learning opportunities. Ms. Sydeman cited findings that supported the value of early learning to teach children under six necessary skills for success later in life. She noted that one-half of Alaska's children enter kindergarten unprepared to be successful learners. Moreover, Alaska is one of ten states without a state funded, statewide, early childhood learning system. Some of the proven benefits of attending a quality preschool are: higher achievement test scores, significantly less grade repetition, reduction in special education placement, higher rates of high school graduation, increased college attendance, fewer arrests, and less reliance on public assistance.

9:10:40 AM

MS. SYDEMAN continued to explain that, according to economists, the above factors make the return on investments in preschool far greater than those from most public economic development projects. In fact, the Federal Reserve Bank reports that for every dollar spent on early education, society reaps \$16 in benefits. Further, there is strong support by Alaskans for a voluntary early learning program. Senate Concurrent Resolution 19 calls on Governor Palin to consider the recommendations of

the Summit for Early Education, and to work closely with the legislature to implement those recommendations.

9:11:49 AM

REPRESENTATIVE GARDNER asked for information on the governor's funding level for Head Start.

GINGER BLAISDELL, Staff to Senator Lyda Green, Alaska State Legislature, offered her understanding that the governor increased funding for Head Start by about \$700,000, but she acknowledged that her information may no longer be accurate.

REPRESENTATIVE GARDNER further asked how many kids, who qualify for Head Start, will still be wait-listed at the level of funding currently in the budget.

MS. BLAISDELL recalled that 900 children are on the wait-list and she estimated that there will still be a substantial number, even with the addition of \$700,000 to the program. Furthermore, many communities do not have Head Start programs available.

CHAIR WILSON stated that the Department of Health & Social Services (DHSS) was undecided about the distribution of the funding.

MS. BLAISDELL advised that there was a commitment by the DHSS to existing Head Start programs.

9:14:20 AM

REPRESENTATIVE ROSES noted that in the subcommittee hearings on Head Start members were told that, in some communities, there is not enough space or staff to expand regardless of how much more funding becomes available. He pointed out that there are several issues, such as oversight by the Department of Education and Early Development (EED), besides the lack of funding.

9:15:27 AM

CHAIR WILSON opined that Head Start is making changes at the federal level to increase language development.

REPRESENTATIVE ROSES stated his support for the resolution, but observed that the committee has already moved a bill that allows the development of an early education program by the EED.

[9:16:34 AM](#)

REPRESENTATIVE SEATON expressed his support of the resolution. He spoke of the variety of ways that early education will benefit Alaskan society.

[9:17:43 AM](#)

REPRESENTATIVE CISSNA stated her support of SSSCR 19 as a participant of the Summit on Early Learning. She observed that this is a direction in which the state must go, and go quickly. She shared her belief that the legislature should fully utilize programs, such as Head Start, that are already available. Representative Cissna recommended the passage of SSSCR 19.

[9:19:08 AM](#)

TIFFANY RYAN, Executive Director, Alaska Association for the Education of Young Children (Alaska AEYC), expressed her support of SSSCR 19. She acknowledged the work that the legislature has done, such as increasing the child care assistance rate and increasing funding to Head Start. However, the hope is that, during the next legislative session, there will be increases in eligibility for child care assistance and further support for Head Start.

[9:20:35 AM](#)

ABBE HENSLEY, Executive Director, Best Beginnings, after thanking the sponsor for the resolution, relayed that Best Beginnings worked with the governor's office to put on the Summit on Early Learning which resulted in the resolution's recommendations. She stressed the broad-based support in Alaska for the recommendations and encouraged their review during the interim and the next session. She pointed out that there are two other recommendations; the voluntary quality rating and improvement system, and the comprehensive public engagement campaign. Both of these recommendations are on-going projects.

[9:24:45 AM](#)

CAROL PRENTICE, Academic Programs, System for Early Education Division (SEED), stated that she was a participant in the Governor's Summit on Early Learning and echoed the testimony from the previous speakers. She reinforced the need for the state to adopt the voluntary quality rating and improvement system as a way to assure access, affordability, and quality for

all early learning programs. Her role in the System for Early Education Division (SEED), University of Alaska Southeast (UAS), is to provide professional development for teachers and providers who work with young children. Professional development in this field is provided statewide to related organizations. Ms. Prentice advised that providers and teachers are trying to improve the systems of early learning that are already in existence.

[9:28:03 AM](#)

CHAIR WILSON stated her support of the rating of child care facilities by quality and the educational levels of the providers.

MS. PRENTICE added that the rating would be a valuable tool for parents.

[9:29:06 AM](#)

LUPITA ALVAREZ, Director, Juneau Montessori Program, informed the committee that Montessori schools focus on high education for staff so as to be able to provide children with the best experience. Montessori schools are a world wide program that has been in existence for over 100 years. In fact, Head Start was based on the Montessori model. She described aspects of the Juneau Montessori Program. Ms. Alvarez explained that a highly educated staff also means a quality program that is difficult for all families to afford without support from the community. She expressed her support for child care assistance and noted that tuition at the Montessori preschool is almost \$1,000 per month. Ms. Alvarez stressed that her program wished to expand to meet the community's need for child care; however, to accomplish that, she would require funding for a facility and teacher training.

[9:32:59 AM](#)

REPRESENTATIVE CISSNA surmised that the private sector can not provide services to children in need without government support. She asked whether Montessori has statistics on student outcomes.

MS. ALVEREZ related that children are better prepared in reading, writing, and math. In addition, their thinking abilities are developed. Typically, a child completing kindergarten in a Montessori program would be reading, would be able to complete some addition and subtraction, and would have

an understanding of some basic concepts. There is also a focus on language development. Children at the elementary level are better able to collaborate and solve problems.

9:35:36 AM

REPRESENTATIVE SEATON asked whether training for the Montessori program is the sole responsibility of the teacher, or if there are workforce development or training grants available.

MS. ALVEREZ said that the Montessori community is seeking various funding. Fundraisers help sponsor teachers so that they can go outside for training and return to Juneau.

CHAIR WILSON recalled her visit to the Montessori school. She then closed public testimony.

9:37:32 AM

REPRESENTATIVE ROSES moved to report SSSCR 19 out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, SSSCR 19 was reported from the House Health, Education and Social Services Standing Committee.

HB 422 - CHILDREN'S TRUST GRANT FOR ENDOWMENT

9:37:46 AM

CHAIR WILSON announced that the final order of business would be HOUSE BILL NO. 422, "An Act repealing the Alaska children's trust; establishing conditions for a grant to a named recipient of the balance of the Alaska children's trust; designating certain receipts as available for a grant to a named recipient for child abuse and neglect prevention; and providing for an effective date."

CHAIR WILSON noted that HB 422 was sponsored by the House Health, Education and Social Services Standing Committee. The purpose of the bill was to transfer funds collected for the Alaska Children's Trust to a non-profit organization, in order to foster donations.

9:38:59 AM

REBECCA ROONEY, Staff to Representative Peggy Wilson, Alaska State Legislature, speaking as the committee aide for the House Health, Education and Social Services Standing Committee,

sponsor by request, informed the committee that the Alaska Children's Trust (ACT), was enacted in 1988 and is the second largest trust of its kind in the U.S. Funded to prevent child abuse and neglect, the fund presently totals \$12 million. She continued to explain that the trust was established in the office of the governor and receives grant and contract support from the U.S. Department of Health and Human Services. The Friends of the Alaska Children's Trust (FACT) organized as a non-profit organization to raise funds and advocate for the mission of the ACT. Funds for the trust have grown through investment and contributions by FACT, and a small revenue stream from the sales of license plates, birth certificates, and marriage certificates. The funds are managed with a principal account, that must be preserved except for \$150,000 in annual administrative expenses, and an income account. She noted that the principal can be appropriated by the legislature. Capital gains and losses remain with the principal and income includes only interest and dividends. The Department of Revenue is paid about \$35,000 per year to manage the trust. Ms. Rooney pointed out that the grant making function of the trust uses a portion of the interest from the earnings by the trust fund to grant funds to community based prevention programs and services. Grants are limited to \$50,000 per year, per grant, and total funding for ACT grants in FY08 was about \$468,000. In 2006, the ACT and FACT boards of directors began to assess the effectiveness of the trust to accomplish its mission by an independent assessment that ultimately led to the decision to privatize the ACT with the intent to transfer the trust funds to a designated fund with the Alaska Community Foundation, and governed by the gubernatorial appointed ACT board. There were other options to be considered such as: the elimination of trust activities with trust funds turned over to the state; maintain the status quo; negotiate statute and operational changes; become an Alaska Community Foundation donor advised fund; utilize the Foraker Group as a fiscal and operation sponsor; merge with the FACT board; or to create a new 501(c)(3).

[9:43:33 AM](#)

MS. ROONEY further explained that the reason the boards choose the privatization was because of the history of inconsistent staffing and the instability of programs with the department. In addition, under the current structure, the FACT board is unwilling to raise money that may or may not be used as donors intend. Thus, the current administrative structure of the trust does not allow for reliable, stable budget funding for grant

making. Given the trust's small operating budget and the size of the grant awards, many community-based organizations are unlikely to apply for grants because of the administrative burden relative to the small size of the awards. Current trust statute does not allow donations to the ACT to be used for programming. The proposed legislation would allow a combination of the governor appointee and self-appointed board members and would ensure both adequate over-sight of the public dollars and advocacy of the trust's mission. Ms. Rooney concluded that the Legislative Affairs Agency advised that privatizing the fund would require a repeal of the fund and some transfer provisions for the existing principal. Therefore, HB 422 would allow the legislature to transfer the annual estimated balance of the account to the Alaska Community Foundation. Under the Alaska Community Foundation the ACT will have greater flexibility to create a more streamlined and simplified administrative structure that would greatly enhance the trust's ability to pursue its mission efficiently and effectively.

[9:47:14 AM](#)

REPRESENTATIVE GARDNER asked for examples of how the funds have been used.

PANU LUCIER, Executive Director, Alaska Children's Trust and Friends of the Alaska Children's Trust, explained that the ACT is not allowed to run a program to prevent child abuse; thus funds from the trust are granted to other organizations that develop programs.

[9:48:23 AM](#)

REPRESENTATIVE KELLER asked for the organization that conducted the audit.

MS. LUCIER, in response to two questions from Representative Keller, said that the audit was done by The Giving Practice (Philanthropy Northwest), at the request of the ACT board.

[9:49:08 AM](#)

REPRESENTATIVE CISSNA asked for clarification on whether the funding must go directly to the state.

MS. ROONEY suggested that Representative Cissna save her question for the next witness.

REPRESENTATIVE KELLER asked whether all of the seats on the ACT board of trustees were filled.

MS. LUCIER stated that there was one open seat for a public member. In further response, she indicated that all board members are appointed by the governor. The governor is represented on the board of trustees by a designee and the commissioners of the Department of Education and Early Development (EED) and the Department of Health & Social Services (DHSS)).

REPRESENTATIVE KELLER asked whether the bill was requested by the governor in addition to the ACT.

[9:52:07 AM](#)

DIANE KAPLAN stated that she was a member of the Alaska Children's Board of Trustees and also served as a member of the Friends of the Alaska Children's Trust. In response to a question, she informed the committee that the current vacancy on the ACT board of trustees is the governor's designee. She then explained that child abuse and prevention is a very pressing issue in Alaska and that the ACT is the only entity that is focused specifically on prevention. In addition, the ACT is heavily dependent on individuals and organizations for contributions to supplement its small endowment. The existing structure is insufficient to adequately support the important work of the ACT. In fact, the endowment is a very small responsibility of the Department of Revenue (DOR) and the DHSS and does not get the type of support needed for success. As a result, there are few applications and those that do apply find long delays and frustration. Thus, the trustees feel that the ACT is not meeting its potential. However, Ms. Kaplan pointed out that the ACT needs a close relationship with state, the governor's office, and the legislature, as the state is ultimately responsible for the welfare of children. She opined that HB 422 maintains a close relationship with the state and provides a more streamlined approach for the fulfillment of the ACT's mission. Furthermore, due to the reluctance of donors to donate directly to the state, FACT members requested an ethical structure to handle donor's contributions as directed. Ms. Kaplan assured the committee that HB 422 was the right approach to support ACT and Alaska's children. She further described the difficulty in securing donations, and the instability of funding, under the current structure.

[9:57:45 AM](#)

CHAIR WILSON asked whether the \$12 million endowment would be kept and future donations distributed according to the wishes of the donor.

MS. KAPLAN indicated yes. She gave the example of how the University of Alaska (UA) manages its endowment and foundation funds. In further response to comments and questions, she relayed that the state needs a group that is focused solely on reducing the instances of child abuse and neglect, and directing funds in the most effective manner. She spoke to the future of the trust's role as a leader and innovator coordinating the efforts of all of the organizations in the state toward the reduction of child abuse and neglect.

[10:03:34 AM](#)

REPRESENTATIVE ROSES stated his support of HB 422, but disagreed with the statement that the department "wasn't capable of doing the work"

MS. KAPLAN clarified that the commissioner of the DHSS was one of the most important members of the trust. However, the ACT is a small entity within a large department. She stressed that the commissioners of the DHSS and the EED are supportive of the proposal.

[10:05:25 AM](#)

SAMMYE POKRYFKI, Vice Chair, Friends of the Alaska Children's Trust, stated her support for HB 422 on behalf of FACT. She informed the committee that the primary purpose of FACT was to raise funds for the ACT. Many FACT board members have extensive experience in non-profit fund raising and are obligated to honor donor intent when soliciting contributions. Under the current structure, FACT board members are not able to raise money that may or may not be used as donors intend. She assured the committee that FACT board members agree that privatization is the best approach for change and fully support HB 422.

[10:07:58 AM](#)

REPRESENTATIVE KELLER asked whether the trustees of ACT would remain the same after the passage of the bill.

MS. LUCIER said yes. She added that the intent was to retain the board and state oversight by the commissioners serving on the board.

MS. ROONEY noted that the Department of Commerce, Community, & Economic Development (DCCED) would establish how the grant would be handled.

REPRESENTATIVE KELLER further asked whether this structure is statutorily defined.

MS. LUCIER responded that the seven member, governor appointed board is defined in state statute.

[10:10:15 AM](#)

KARLEEN JACKSON, Commissioner, Department of Health and Social Services (DHSS), in response to a question, relayed that she, the DHSS, and the governor are all in support of HB 422. She explained that, given the shortness of the session, it seemed more prudent to allow the House Health, Education and Social Services Standing Committee to sponsor the bill. She stressed the importance of the contribution of volunteer board members and supporting the work that they do; in fact, all Alaskans should be engaged in the effort to prevent child abuse and neglect. She then gave an example of how the proposal simplifies the work of the ACT.

[10:13:08 AM](#)

REPRESENTATIVE ROSES referred to page 3, line 18, that read:

(5) the grantee shall annually report the conditions and investment performance of the grant funds to the commissioner of revenue and the board; and

(6) if the grantee materially breaches a condition of the grant agreement set out in this section, the balance of the grant reverts to the state.

REPRESENTATIVE ROSES then asked whether the DOR was supportive of that language and whether there would be corrective action prior to the reversal.

[10:14:32 AM](#)

JERRY BURNETT, Director, Administrative Services Division, Department of Revenue, informed the committee that this language was a new type of requirement that he had not discussed with the commissioner. He assured the committee that the DOR was supportive of HB 422 and did not anticipate any problems with "how it would be done."

REPRESENTATIVE ROSES further asked whether the DOR would assist [the grantee] in the nature of its investments.

MR. BURNETT indicated no.

REPRESENTATIVE ROSES expressed his concern that the grantee will be measured against other systems, such as the Alaska Permanent Fund, and suggested that there should be a corrective dialog between the entities prior to the reversal of funds.

[10:17:11 AM](#)

MR. BURNETT opined that the grant agreement with the DCCED would contain the mechanism.

REPRESENTATIVE ROSES suggested that a plan for corrective action needs to be clearly written in the guidelines for the transfer.

[10:18:07 AM](#)

JEAN MISCHEL, Attorney, Legislative Legal and Research Services, Legislative Affairs Agency, concurred that there is a lot of latitude within the bill to set the terms of the grant agreement. She then pointed out that the bill would repeal the existing board and establish a new advisory board within the office of the governor.

REPRESENTATIVE KELLER noted that the language being deleted was the establishment of the trust, the powers of the commissioner of the DOR [regarding the trust], the administration of the trust, the establishment of the board, the powers and duties of the board, the fund utilization, and the criteria and eligibility for the grants. He expressed his support for bill, but encouraged the addition of language that describes how the money will be spent.

[10:20:50 AM](#)

REPRESENTATIVE ROSES pointed out that the bill outlines the provision of a new board.

MS. MISCHEL explained that the language requires consultation with a group, but there would not be a requirement in statute for a permanent board. A solution would be to maintain the board in law as an advisory group. She advised that another legal issue raised by HB 422 was that there is no guarantee that the trust would be maintained as originally constructed with the collection of fees and donations. Under the proposed bill, the funds would be held in an endowment, but there is some concern, albeit limited, that there is no precedent for transferring fees and private donations to a private entity. She cautioned that there is some potential, therefore, that the license and certificate fees will be lost and that there may be complaints from donors.

[10:24:58 AM](#)

REPRESENTATIVE ROSES recalled that previous legislation has addressed the issue of license fees paid to a private organization. He then remarked:

... on page 3, line 5, it says "before a grant to a named recipient is awarded," and then it goes on and on and then it says "the customary provisions must include the following: ... the grantee shall consult with an advisory group established in the office of the governor." It doesn't say when it was established, it could be an existing board or it could be a new board, and then it goes on to explain who that would be. ... So, I'm looking at the word "established" and looking at that as criteria that must occur before the money would be transferred. [Does] that not then satisfy the fact that we would have a board in place and there would be no lack of transition?

MS. MISCHEL said:

... what paragraph (4) [page 3, line 14,] is referring to is a grant agreement provision. It doesn't effectively establish the advisory group that refers to an advisory group that we hope the governor will maintain and establish. The make-up of that group is different from the current trust board and we could, fairly easily, set up this advisory group in the governor's office in substantive law if we're, a, concerned that that may not actually occur, but all

this paragraph does is require, places a condition on the grantee, not the governor.

REPRESENTATIVE ROSES asked whether conceptual amendments could be drafted that state his intent that the bill makes clear that there would be a board and that corrective action would be taken prior to funds reverting back to the state.

MS. MISCHEL said yes.

[10:28:33 AM](#)

REPRESENTATIVE GARDNER gave an example of a grantee that materially breaches an agreement and the breach pertains to the failure to consult with an advisory group that did not exist. She asked whether the grantee would suffer the reversal of funds to the state.

MS. MISCHEL relayed that her advice to the DCCED would be that that situation does not constitute a material breach. Typically, material breaches are a significant lack of compliance from the original purposes of the grant.

REPRESENTATIVE KELLER surmised that the mission of the ACT could be included in the language of the bill. He read:

[The mission of the Alaska Children's Trust is] to improve the status of children in Alaska by generating funds and committing resources to eliminate child abuse and neglect.

REPRESENTATIVE KELLER explained that the mission statement emphasizes that the ACT is more than an advocacy organization lobbying for ongoing funds.

[10:31:31 AM](#)

REPRESENTATIVE CISSNA offered her understanding that there is a need for organizations to stay flexible, and that mission statements are sometimes updated, thus using specific language might not be the best option.

REPRESENTATIVE KELLER clarified that he was asking whether the addition was possible, in a legal sense.

[10:33:25 AM](#)

SALLY SADDLER, Legislative Liaison, Department of Commerce, Community, & Economic Development (DCCED), relayed her understanding that the DCCED would need to provide oversight and monitoring of the grant agreement, thus a grants administrator may be needed. She informed the committee that the DCCED employs eight grants administrators who work with 1,700 grants totaling \$200 million. She opined that the amount of work needed to provide oversight and guidance over a \$12 million grant, outside of a "pass through" of funds, requires personnel. In response to a question, Ms. Saddler stated that with the conditions of the grant agreement and monitoring responsibilities assigned to the DCCED, additional personnel may be needed.

REPRESENTATIVE GARDNER expressed her understanding that the intent of HB 422 was to move all of the funds and the responsibility for managing the funds, to the Alaska Community Foundation.

[10:36:44 AM](#)

MS. SADDLER affirmed that the DCCED was seeking clarification of its responsibility.

REPRESENTATIVE ROSES opined that the bill was clear that this was a pass-through grant, authorized only after certain conditions are met. He stated that the DCCED would not have continuing monitoring responsibilities.

CHAIR WILSON observed agreement from other members.

MS. SADDLER stated that there would be a zero fiscal note forthcoming from the DCCED.

[10:38:02 AM](#)

MS. LUCIER outlined her experience with rural Alaska and pointed out that the state currently provides services to children who are in state custody. The Office of Children's Services (OCS), DHSS, reports that 61 percent of the 2,000 children in state custody are Alaska Native or American Indian. She stressed the value of prevention and said that the ACT was the entity to promote prevention, but its hands are tied under the current system. The current system discourages rural communities from applying for funds that could prevent children from ending up in state custody. In the long run, prevention pays; studies illustrate that local prevention services result in healthier children and reduce the burden on the state in many ways. She

concluded that privatization would allow ACT and FACT to have more impact on reducing the number of children in state custody by allocating funds for prevention.

[10:41:00 AM](#)

CHAIR WILSON asked for examples of effective programs.

MS. LUCIER stated that there are six grantees, one of which is the National Alliance of Children's Trust and Prevention Funds Strengthening Families initiative. This program focuses on strengthening families with young children. The Juneau Birth Center is also a grantee involved with new parents. Further, the children's trust supports parenting classes in Fairbanks and a 24-hour phone line that provides information and help to parents. She pointed out that all of these programs are designed to prevent child abuse.

[10:42:52 AM](#)

REPRESENTATIVE KELLER and Chair Wilson expressed their appreciation for Ms. Lucier's testimony.

REPRESENTATIVE ROSES referring to previous testimony provided on other legislation, said "We want to do it right, we want to give you the protection ... the latitude and the flexibility, ... with the protections in place."

[10:44:59 AM](#)

The committee took an at-ease from 10:44 a.m. to 10:45 a.m.

CHAIR WILSON closed public testimony on HB 422.

[10:46:17 AM](#)

REPRESENTATIVE KELLER offered Conceptual Amendment 1, such that the purpose of the fund would be to improve the status of children in Alaska by generating funds and committing resources to eliminate child abuse and neglect.

CHAIR WILSON objected. She stated that the language in the bill must remain "loose."

REPRESENTATIVE KELLER clarified that a mission statement is broad, but helps keep the proper perspective. He gave an

example of the purpose of a mission statement and stressed its importance.

[10:48:48 AM](#)

CHAIR WILSON stated that the committee should not create a mission statement for the trust.

REPRESENTATIVE GARDNER noted that on page 3, line 12, language already ensures that the funds that would be transferred would be used as intended.

REPRESENTATIVE CISSNA offered to amend Conceptual Amendment 1 such that protecting children's health would become a general statement.

[10:50:16 AM](#)

REPRESENTATIVE ROSES agreed with Representative Gardner. He then expressed his concern with the addition of a mission statement that may prevent the future expansion of the trust into other areas to benefit children.

[10:50:55 AM](#)

REPRESENTATIVE KELLER disagreed. He reminded the committee that the children's trust was established for the specific purpose of stopping child abuse. Today's testimony was that the trust was limited in its abilities by legislation. If the mission statement is removed there is the possibility that the fund would drift to other concerns, which would be inconsistent with the reason for establishing the trust. Future legislatures should be involved in making changes, if changes become necessary. Representative Keller stressed that the wording of his Conceptual Amendment was provided by the trust.

[10:52:49 AM](#)

CHAIR WILSON gave the example of the changes undergone by the mental health trust. She then reviewed the amendment to Conceptual Amendment 1.

REPRESENTATIVE KELLER objected.

REPRESENTATIVE CISSNA re-stated that the wording was "to protect children's health."

[10:53:58 AM](#)

REPRESENTATIVE GARDNER suggested that the amendment to Conceptual Amendment 1 could have a great deal of influence on where the money was used.

REPRESENTATIVE CISSNA referred to page 3, line 12, that read:

... shall be administered for the benefit of community-based programs and projects in the state that aid in the prevention of child abuse and neglect.

REPRESENTATIVE GARDNER asked for clarification of the amendment to Conceptual Amendment 1.

[10:54:59 AM](#)

REPRESENTATIVE CISSNA clarified that Conceptual Amendment 1 adds the following language: "improve the status of children in Alaska by generating funds and committing resources to eliminate child abuse and neglect." She then explained that her friendly amendment to Conceptual Amendment 1 would read: "improve the status of children in Alaska by generating funds and committing resources to protect children's health."

[10:56:25 AM](#)

REPRESENTATIVE GARDNER opined that the friendly amendment would enable trust funds to be used for many purposes, such as immunizations, that are not specifically [for the prevention of] abuse and neglect.

REPRESENTATIVE ROSES stated his opposition to the amendment to Conceptual Amendment 1.

[10:57:15 AM](#)

REPRESENTATIVE KELLER confirmed the possibility of the growth of the trust and the expansion of the use of trust monies.

REPRESENTATIVE ROSES opined that the passage of the bill provides for private control of the fund without direction from the legislature.

REPRESENTATIVE KELLER re-stated that the mission statement, if put in statute, could be re-addressed.

REPRESENTATIVE ROSES pointed out that the funds would be privately managed by a board and that the legislature would not have authority over the funds or the mission statement once the fund is privatized.

[10:59:28 AM](#)

REPRESENTATIVE CISSNA sought clarification on the placement of the Conceptual Amendment in the bill.

REPRESENTATIVE KELLER clarified that his intent was to direct the drafter to write language that affects the agreement between the DCCED and the entity. In addition, changing the mission statement would affect the agreement and "it would come from that end."

REPRESENTATIVE CISSNA stated her misunderstanding and withdrew the amendment to Conceptual Amendment 1.

[11:01:49 AM](#)

REPRESENTATIVE GARDNER opined that the committee did not have the authority to create a mission statement for the Alaska Children's Foundation; in fact, it could only direct how the endowment should be used.

REPRESENTATIVE ROSES asked whether the amendment would create oversight and conditions over the funds. He explained that the fund would have an advisory board that would oversee the investment guidelines and determine whether material breaches of the contract have been made. He re-stated his opposition to Conceptual Amendment 1.

[11:03:11 AM](#)

A roll call vote was taken. Representative Keller voted in favor of Conceptual Amendment 1. Representatives Cissna, Gardner, Roses, and Wilson voted against it. Therefore, Conceptual Amendment 1 failed by a vote of 1-4.

[11:03:44 AM](#)

REPRESENTATIVE KELLER indicated that he was supportive of the actions of the children's trust; however, he stressed his concern about the unintended effect of taking a legislative element out.

11:04:52 AM

REPRESENTATIVE ROSES moved to report HB 422 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 422 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 11:05 a.m.