

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 16, 2007**  
**9:10 a.m.**

**CALL TO ORDER**

Co-Chair Bert Stedman convened the meeting at approximately [9:10:53 AM](#).

**PRESENT**

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice Chair  
Senator Kim Elton  
Senator Joe Thomas  
Senator Donny Olson

**Also Attending:** SENATOR BILL WIELECHOWSKI; DAVID WERTHEIMER, Senior Program Officer, Pacific Northwest Program, Bill and Melinda Gates Foundation; JEFF JESSEE, Chief Executive Officer, The Alaska Mental Health Trust Authority; DWAYNE PEEPLES, Deputy Commissioner, Department of Corrections; MARIT CARLSON-VAN DORT, Staff to Senator Lesil McGuire; VANCE SANDERS, President, Alaska Legal Services Corporation;

**Attending via Teleconference:** From Fairbanks: ANDY HARRINGTON, Executive Director, Alaska Legal Services Corporation; From an offnet location: CHRISTINE PATE, Attorney, Alaska Network on Domestic Violence and Sexual Assault.

**SUMMARY INFORMATION**

Presentation: Sound Families Initiative

The Committee heard from the Bill and Melinda Gates Foundation and The Alaska Mental Health Trust Authority.

SB 89-ELECTRONIC MONITORING OF GANG PROBATIONER

The Committee heard from the sponsor and the Department of Corrections. A committee substitute was adopted and the bill was held in Committee.

SB 69-CIVIL LEGAL SERVICES FUND

The Committee heard from the sponsor, Alaska Legal Services Corporation, the Alaska Network on Domestic Violence and Sexual Assault, the Alaska Mental Health Trust Authority, and a private attorney. The bill was held in Committee.

[^Bill and Melinda Gates Foundation: Sound Families Initiative  
9:12:06 AM](#)

Presentation by the Bill and Melinda Gates Foundation:  
Sound Families Initiative

Co-Chair Stedman reminded of a presentation given to the Committee by the Alaska Mental Health Trust Authority pertaining to the Alaska Housing Trust and its relationship to the Bill and Melinda Gates Foundation's Sound Families Initiative. The Foundation accepted an invitation to address the Committee.

[9:13:40 AM](#)

JEFF JESSEE, Chief Executive Officer, The Alaska Mental Health Trust Authority, introduced Dr. Wertheimer and relayed his credentials and experiences improving mental health care services.

[9:14:43 AM](#)

DAVID WERTHEIMER, Senior Program Officer, Pacific Northwest Program, Bill and Melinda Gates Foundation, utilized a PowerPoint presentation titled, "Sound Families and the Washington Families Fund, Alaska Legislative Briefing, April 16, 2007" [copy on file]. He first told of a delegation from the Alaska Mental Health Trust Authority (AMHTA) that traveled to the state of Washington to meet with Foundation representatives to learn about its programs.

[9:15:25 AM](#)

Page 2

Bill & Melinda Gates Foundation

- Our value: All lives have equal value
- Our goal: Every person gets the opportunity to live a healthy, productive life
- What we do:
  - Help harness advances to benefit people who need them the most
  - Encourage shared responsibility for all
- How we do it:
  - Focus on a limited set of problems
  - Promote innovative solutions
  - Create partnerships with governments, businesses and non-profits
  - Share results and adjust our strategies as we learn

Mr. Wertheimer outlined this information. He expressed that the "value" of the Foundation, "which drives everything that we do and has been a primary driver of our Sound Families initiative, is that every life no matter where it is, not matter whose it is, has equal value." Activities to "help harness advances" are "usually very rigorous and very scientific," whether pertaining to development of treatment of malaria or family homelessness in Washington State. These efforts are rooted in science, economics, and a strategic approach to problem solving.

Mr. Wertheimer stated that partnerships are also important. Despite the breadth of the Foundation's activities, these programs could not be accomplished without multiple partners. The Sound Families Initiatives represents a significant commitment and partnership from the government sector, the business sector, the philanthropic sector, and the private non-profit sector. The scopes of the systems are "so large that no one system on its own can provide the solution." An integrated system involving all the different systems "concerned about homelessness" is necessary to effectively address the issue.

Mr. Wertheimer informed that the Foundation supports studying its efforts. Much of the information presented would be derived from "a very detailed evaluation" conducted by the University of Washington. The results of evaluation are utilized to adjust efforts as they progress.

[9:17:22 AM](#)

Foundation Program Areas

- Global Development
  - Agricultural Development
  - Financial Services for the Poor
  - Global Libraries
- Global Health
  - Priority Diseases & Conditions
  - Breakthrough Science
  - Other Initiatives
- United States
  - Education
  - U.S. Libraries
  - Special Initiatives
  - Pacific Northwest (limited to Washington State and the Greater Portland area)

Mr. Wertheimer directed attention to the Pacific Northwest program areas.

[9:17:38 AM](#)

Page 4

The Sound Families Story:  
Three Phases

- Launch (2000-2002)
- Going to Scale (2003-2005)
- Learn, Reflect, & Finish (2006-2008)

Mr. Wertheimer indicated the presentation would be divided into these three phases.

[9:17:53 AM](#)

Page 5

Sound Families Origin, cont.

- Gates Foundation approached cities, counties, and state about entering into a collaborative effort to address homeless family issues
- \$40 million commitment made by Gates Foundation in July 2000 was a catalyst to alignment of existing resources and stimulation of new funding streams

- Strong partnerships established with local and regional governments and housing authorities
- Goals: System change and creation of an unprecedented number of housing units for homeless families

Mr. Wertheimer reported that the program actually began as an effort to produce more housing. It was initially a "housing production investment". However a significant need for transitional and supportive housing for homeless families was recognized in the Puget Sound greater metropolitan area of King, Pierce and Snohomish counties.

Mr. Wertheimer remarked that to create an incentive to encourage participation of interested parties, the Gates Foundation made the \$40 million donation.

Mr. Wertheimer continued outlining the information on this page.

[9:19:03 AM](#)

Page 6

#### 1. Launch Phase

##### Goals and outcomes established

- System Improvement: leverage and coordinate capital and service resources for homeless families across multiple systems
- Organizational Impact: enhance capacity of developers/service providers to develop and manage 1,500 units of service-enriched housing
- Family Benefit: increase ability of families to obtain and sustain housing. Improve economic status and well-being.

Mr. Wertheimer detailed the three impact levels in which change was desired. In improving systems, the intent was to create a cohesive system devoted to the issue of addressing family homelessness rather than multiple groups, agencies, organizations and providers working separately. In improving the organizational level, the Foundation intended to strengthen housing providers and service providers; including housing authorities, quasi-governmental organizations and private non-profit housing and service providers.

Mr. Wertheimer stressed "results at the family level" with families benefiting from the investments made by the public and private sectors, as likely the most important goal.

[9:20:11 AM](#)

Page 7

1. Launch Phase

Solidify Key Partnerships

- Memorandum of Understanding signed with public jurisdictions
  - o Tacoma and Pierce County
  - o Seattle and King County
  - o Everett and Snohomish County
  - o State of Washington
- Memorandum of Understanding signed with housing authorities
  - o Pierce, King, Snohomish, Everett, Seattle, Tacoma, and Renton

Mr. Wertheimer explained the Foundation's intent to have formal relationships with stakeholders. County executives and city mayors, as well as state officials entered into agreements. Agreements were also made with local housing authorities.

[9:21:23 AM](#)

Page 8

1. Launch Phase

The Sound Families "Incentive"

- Capital and service dollars from the foundation provide critical leverage and promote alignment and enhancement of existing funding streams
  - o Up to \$20,000 per unit for capital expenses
  - o Up to \$1,500 per unit per year for services for five years, committed at the front end
  - o Capital funds plus five years of guaranteed service funds lie near the core of the viability and stability of Sound Families projects

Mr. Wertheimer stated that the Foundation's \$40 million investment was the "catalyst to making some of this happen." While \$1,500 was not sufficient to meet the needs of a family

"recovering from homelessness", it "helped to leverage commitment of other service dollars that were attached to those funds to create an adequate resource."

Mr. Wertheimer surmised that the five-year financial commitment made by the Foundation "lies at the core of the viability of the program" because "organizations were willing to come to the table to say 'yes we want to play; we want to apply for these funds and we'll be able to survive the economic ups and downs of our communities over the next five years if we know that we have a committed revenue stream to services.'"

[9:22:47 AM](#)

Page 9

#### 1. Launch Phase

Partners deliver key resources

- Capital funders - aligned resource decisions
  - o Washington State Tax Credit Criteria revised to prioritize homeless units and to allow set-aside of transitional as part of larger project
  - o City, county and state housing trust funds made substantial investments
  - o Total other resources leveraged by Gates Foundation exceeds \$175 million to date

Mr. Wertheimer remarked that other stakeholders also made "major commitments to ensuring the success of the Sound Families Initiative." The tax credit criteria were revised to "encourage" applications for tax credits from developers working to create units for homeless families. The State Housing Trust Fund was created in 1988, has developed a "good track record", and has invested a total of approximately \$500 million in Washington State's housing infrastructure for affordable housing. The funds have been utilized to create approximately 32,000 units of housing and leveraged an additional \$2 billion of federal, state, local and private funds. The amount leveraged by the Gates Foundation is anticipated to exceed \$200 million at the conclusion of the program.

[9:24:33 AM](#)

Page 10

## 1. Launch Phase

Partners deliver key resources

- Housing authorities - delivered Section 8
  - HUD waiver was secured to allow Section 8 allocation to Sound Families transitional housing units and either Section 8 voucher or priority for public housing upon exit
  - Overall, PHA's committed 1,200 vouchers - an exceptional level of project-based Section 8 for supportive housing
  - Section 8 adds revenue of \$6-8K per unit per year

Mr. Wertheimer emphasized that housing authorities are critical partners in the success of the Sound Families Initiative, particularly with the delivery of Section 8 vouchers. The \$6,000 to \$8,000 has contributed substantial revenue that the Initiative could utilize to support operations and some services. These vouchers were also beneficial in assisting those families "graduating" from the Sound Families program and moving into independent housing. The commitment of 1,200 vouchers is a "remarkable feat" on the part of the housing authorities. The "project-based" categorization for some of the vouchers allows for the voucher to be dedicated to the unit as different families enter the transitional housing process.

[9:25:56 AM](#)

Page 11

## 2. Going to Scale Phase

Partnerships and funding changes

- New partnerships form
  - Private housing owners/service providers
  - Nonprofit housing owners/service providers
  - Housing authorities/service providers
- Initiative evolves as early lessons are learned
  - Service Reserves in lieu of Capital
  - Advanced Funding Initiative
  - Permanent Housing Pilot

Mr. Wertheimer outlined this information. Private housing owners were "brought to the table" and worked with service providers for the first time. This guaranteed a revenue stream for both rent and guarantee of services. Nonprofit housing owners were able to participate and expand their housing to allow them to

"service more challenging families with more significant issues." Additionally, housing authorities were enabled to "provide a richer array of services to offer their tenants."

Mr. Wertheimer noted the realization that a number of projects did not require capital investment, such as the transition of existing units into the Sound Families program, and that Service Reserves could be created for those units. Several "strong housing developers" approached the Foundation to request "the upfront first dollar in support for projects that were not yet completely baked but had very strong potential." Funding was provided to "help push those projects forward".

[9:27:20 AM](#)

Page 12

## 2. Going to Scale Phase Evaluation lessons emerge

- 2004 preliminary evaluation findings show Service enriched housing promotes:
  - Housing stability
  - Increased economic self-sufficiency
- Public policy makers and advocacy community show interest in findings
- Sound families findings and legislative interest combine to create the Washington Families Fund

Mr. Wertheimer stated that by the year 2004, the program was about three to four years in operation and preliminary evaluation findings by the University of Washington "were very promising". Participating families were experiencing a modest level of wage progression and significant increases in employment.

[9:27:57 AM](#)

Page 13

## 2. Going to Scale Phase Washington Families Fund

- Created in 2005 to replicate Sound Families model statewide
  - Authorized by the Washington State Legislature in 2004

- o The Fund expands availability of supportive housing by providing stable long-term funding for housing-based services across Washington State
- o Services funding is committed for up to 10 years at the front end of the granting process
- o Operating costs of projects will be covered by Section 8 Housing Choice Vouchers or other sources through local housing authorities and state rental assistance programs
- o State and philanthropic sector commitments mutually leveraged: Fund may total \$12 million by end of 2007
- o Funds and grants are managed through a community-based intermediary

Mr. Wertheimer reported that as a result of the findings, state public policy makers and advocates created the Washington Families Fund. He outlined the information on this page. The legislature provided an initial investment of approximately \$2 million and a secondary investment made last year of an additional \$4 million. The statewide program allows for the delivery of "service enriched" housing in communities around the state that apply for the funding. The ten-year commitment of funding allows those communities experiencing the benefit of combined housing and services for the first time to make the investment. Increased state funding is contingent upon a community match of private funds at a rate of one-to-one.

[9:29:14 AM](#)

Page 14

#### Where We Stand

#### Sound Families Snapshot in April 2007

- 42 unique Sound Families grantees, 78 separate grants made, 100 unique projects
- King County: 706 units, \$19.6 million
- Pierce County: 251 units, \$6.5 million
- Snohomish County: 308 units, \$8 million
- Average grant: \$812,000
- 94% or 1,188 units funded by Sound Families to date have included Section 8 awards from our Housing Authority partners

Mr. Wertheimer listed the number of units and investments made.

[9:29:47 AM](#)

Page 15

### 3. Learn, Reflect & Finish

#### Evaluation findings

Latest Case Study Findings - January 2007

#### Methodology:

- Evaluator interviews with families
- One and two years after families leave service-enriched housing programs

Mr. Wertheimer told of evaluations conducted.

[9:30:21 AM](#)

Page 16

#### Housing Two Years After Exit

#### Families sustain permanent housing

- 87% in permanent housing
- 8% living with family or friends
- 5% back in transitional housing
- 69% using Section 8
- 22% had moved in the past year
- "I'm pretty much on my own except for Section 8 support."

N=40 families with 2 year post-exit interviews

Mr. Wertheimer overviewed this information.

[9:30:56 AM](#)

Page 17

#### Housing Following Exit

#### Importance of Rent Assistance

- Median FMR in Washington state is \$745/month\*
- Six months after exit, families were paying a median of \$172/month for rent
- One year after exit, families were paying a median of \$271/month for rent

\*Out of Reach, 2004, NLIHC, based on HUD FMR data

Mr. Wertheimer explained the percentage of fair market value rents paid by former participants of the Sound Families Initiative. These figures are not significantly dissimilar to the situation experienced in Alaska.

[9:31:42 AM](#)

Page 18

Changes in Monthly Household Income  
Progress still leaves families poor

[Bar graph showing the following:

Upon exit from program:

\$1,000-\$2,000: 32 percent

Greater than \$2,000: 3 percent

1 year post-exit

\$1,000-\$2,000: 52 percent

Greater than \$2,000: 15 percent

2 years post-exit

\$1,000-\$2,000: 55 percent

Greater than \$2,000: 20 percent]

Mr. Wertheimer noted the data on the changes in monthly incomes for families that had completed the Sound Families program.

[9:32:13 AM](#)

Page 19

Income and Employment

Median hourly wage increases

[Bar graph showing the median hourly wage at the time of intake into the Sound Families program (at last job held) as \$8.40; at the time of exit from the program at \$8.50; six months after exit at \$10.00; and one year after exit at \$11.50.]

Mr. Wertheimer outlined the data on wage progression, which although significant, is not a family self-sufficiency wage level. Addressing this issue is being considered. The wage earners in these families are usually single mothers.

[9:32:37 AM](#)

Page 20

Changes in TANF Receipt  
Decreasing TANF enrollment

[Bar graph showing the percentage decline of families receiving federal Temporary Assistance for Needy Families services from approximately 48 percent at the time of exiting the program, to approximately 31 percent one year post-exit and approximately 25 percent 2 years post exit.]

Mr. Wertheimer cited these declines as "promising".

[9:32:51 AM](#)

Page 21

Level of Social Support

Continues to increase after exit

[Bar graph showing 13 percent of caregivers Before program; 32 percent During program; 55 percent One year post-exit; and 67 percent Two years post-exit. A notation reads: Caregivers reporting feeling "very" supported by persons in their lives.]

Mr. Wertheimer characterized this as one of the most significant findings, yet one of the hardest to understand. Families are connecting to support systems. Most families upon entering the Sound Families program are dependant upon their case manager or service providers for almost all the support they receive. Many have "burned bridges" with relatives, have no neighbors and do not necessarily have friends they could depend upon to provide or exchange child care, etc. However, over time, these families create and build social networks in their communities critical to their recovery and stability. Caregivers in the context of this graph are usually parents. This finding is also promising.

[9:33:56 AM](#)

Page 22

Children and School Stability  
Fewer changes in schools

[Line graph showing family's oldest child attending more than 2 schools in past year averages 20 percent at the time

the family entered the program; approximately 2.5 percent upon transition from the program and zero percent six months and one year after exiting the program.

Mr. Wertheimer expressed this as another promising finding. He commented, "Homelessness really does a number on kids in a variety of different ways." He explained, "Without a stable home environment, children have a great deal of difficulty in their developmental processes and achieving their developmental milestones in a timely fashion. Those developmental milestones often are delayed and then follow them all the way through their school and adolescent lives." Prior to entering the Sound Families program, homeless families experience a significant amount of "movement", which often results in "great disruption" in school attendance. He informed that some children were attending five or more schools a year. Those children would not learn much.

Mr. Wertheimer disclosed that parents, or caregivers, of families transitioned from the program report that their children were having fewer behavioral problems and are easier to care for and manage at home. Children are also more involved in school activities, which allows more time for the caregiver to "take care of her needs" and to "connect with employment opportunities."

[9:35:42 AM](#)

Page 23

### 3. Learn, Reflect, and Finish Lessons learned

- Housing + services are effective in stabilizing families in housing and improving other life outcomes "(I was able) to find new personal strengths. I didn't think I could finish school and could turn things around...just having a hope that things could get better."

Mr. Wertheimer overviewed this information.

[9:35:56 AM](#)

Page 24

### 3. Learn, Reflect, and Finish

Lessons learned: family level

- Families require varying levels of support to succeed; some require intensive services
- Few families are able to transition into market rate housing; families typically continue to need some form of rent assistance
- Families need access to mainstream services while living in transitional housing and after moving to permanent housing

Mr. Wertheimer informed that approximately 20 percent of participating families do not complete the program and are either evicted or asked to leave. Upon study of the clinical and demographic profile, the needs of those families are significantly higher in areas including addictive disorder, mental illness, active domestic violence, etc. The Washington Families Fund is creating a second tier of more intensive supportive services to address those families "struggling the most" to remain stable in housing.

Mr. Wertheimer overviewed the remaining bullet points.

[9:37:18 AM](#)

Page 25

### 3. Learn, Reflect, and Finish

Lessons learned: organizational level

- Building and enhancing the capacity of community-based organizations to provide housing and services is critical
- Case managers are central to family success
- Integrated, rather than fragmented, models of care are essential, even when funding is adequate
- Partnerships take awhile to solidify, require a lot of effort, and require a deep commitment to last

Mr. Wertheimer stressed that the case managers are cited as the most critical component by families in the first six months to a year involvement in the program. Additionally, even if funding is adequate, if programs are fragmented they do little to benefit the families.

[9:38:07 AM](#)

### 3. Learn, Reflect, and Finish

#### Lessons learned: systems level

- Local responses depend on federal and state policies related to housing subsidies and entitlements
- Braiding of resources further "upstream" creates efficiencies for providers
- Housing, service and workforce systems are not yet well aligned
- More progress is needed to secure and integrate mainstream funds for housing-based supportive services
- Successful philanthropy collaborations require strong philanthropic leadership, educating other potential funders, and building in opportunities for "aligned" funding

Mr. Wertheimer opined that none of the systems "exist in a vacuum". He further outlined the bullet points.

[9:39:28 AM](#)

### 3. Learn, Reflect, and Finish

#### Other lessons learned

- Sustainability of intermediary and grantee partners must be considered from the beginning
- Leadership coordination takes a lot of effort and it is difficult to incorporate funding to pay for this type of work
- Reductions/uncertainty in government funding programs makes private philanthropy nervous
- Shorter term interests of private philanthropy makes government partners nervous
- Up-front, multi-year commitment of service funding allows projects to achieve stability over time and through periods of economic/funding uncertainty

Mr. Wertheimer detailed these additional findings.

[9:40:54 AM](#)

Page 28

### 3. Learn, Reflect, and Finish

#### On the horizon for Sound Families

- Final funding round of Sound Families funding in 2007
- WFF grows; could reach \$12 million by end of 2007
- Working with Sound Families providers to describe and develop strategies to promote sustainability and capacity over time

Mr. Wertheimer noted the application deadline to receive grants under the Sound Families program for 2007 was approaching. The Foundation was collaborating with the 42 Sound Families providers to determine future activities.

[9:41:17 AM](#)

Page 29

#### Moving Forward Based On What We Have Learned

- The foundation will examine the most effective responses to family homelessness, and build any new strategies utilizing existing knowledge
- Our activities will continue to be focused on effective partnerships with other key stakeholders, including the public sector
- Our work in the area of family homelessness will remain focused in Washington State
- We are committed to sharing with others the lessons we have learned and the strategies that have worked well

Mr. Wertheimer concluded his presentation by speaking to these future plans.

[9:41:48 AM](#)

Senator Elton asked how easily this program could be replicated in other regions. The significant funding provided by the Foundation "got the attention" of government agencies. Without such "seed money" he asked how other programs could proceed.

[9:42:16 AM](#)

Mr. Wertheimer answered that the issue could be a "question of scale." The Sound Families Initiative was able to accomplish the largest supportive housing initiative of its type in the country, in part as a result of the Bill and Melinda Gates Foundation commitment of resources "up front". The capital funding provided through the Washington Housing Trust fund was critical to the success of the program. Multiple opportunities exist in Alaska through the Alaska Mental Health Trust Authority to undertake a similar program.

[9:43:19 AM](#)

Mr. Jesse furthered speaking to the many opportunities available in Alaska for "creating this synergy". In the visits to the Seattle area, Trust representatives were relieved that Alaska does not have the "huge number of players" involved as exists in Washington. In Alaska the parties "know everybody that we need to engage".

Mr. Jesse reported over 70 different organizations support the creation of the Alaska Housing Trust, including entities in the banking industry, mortgage industry, construction industry, housing development, service providers. If Governor Palin signs a proposed administrative order to dedicate the Council on Homelessness to provide the overall leadership, efforts to "advance our cause quite significantly" would be achievable.

[9:44:25 AM](#)

Senator Olson asked how long Section 8 funding assistance would continue for those families transitioned from the Sound Families program to permanent housing.

[9:44:43 AM](#)

Mr. Wertheimer responded that the housing authorities are committed to maintaining the Section 8 vouchers for those families as long as needed. The question is how long the vouchers would be needed.

Mr. Wertheimer stated that a primary focus of the Foundation has become the issue of providing for families to achieve greater economic capacity on their own to pay rent, pay taxes and become participating members of society to an extent they would no longer be dependant upon a housing subsidy. This would allow for

other families "not as far developed in the pipeline to benefit from that resource". Accomplishing this would require collaboration with workforce development partners in determining what activities would be successful.

Mr. Wertheimer informed that an "interim step" currently under discussion is the establishment of "shallower housing subsidies" that would decrease the amount of housing subsidies as a family's income increased.

[9:46:16 AM](#)

Senator Thomas asked how the Foundation convinces potential partners that this effort is beneficial in ways other than "just getting people off the street". He asked if it was difficult to convey that the long term impact of the Sound Families Initiative is reduced impact on social services and that "up front" investments would save money in the long term.

[9:47:08 AM](#)

Mr. Wertheimer responded that such arguments represent the "core" of the Initiative. Almost all of the Foundation's activities are "driven by data and by what the science tells us". Evaluation of the Sound Families program has determined that as families "move toward stability in housing", which he acknowledged "has a price attached to it", utilization of other publicly funded sectors decreases, including the correction system, criminal justice "arena", child welfare system, child protective services, crisis services for emergency medical, psychiatric and substance abuse, decreases. Emergency medical room treatment is the most expensive method of health care delivery.

Mr. Wertheimer reported that examination of this program as well as studies of other programs indicate that when stable housing is provided, utilization of the "other very expensive sectors of service" decreases.

Mr. Wertheimer disclosed that a significant reduction in costs does not occur. Instead, revenues are "shifted" from homelessness programs to other sectors and "hopefully creating healthier families that will become economically more self-sufficient."

Mr. Wertheimer emphasized the goal of interrupting the multi-generational cycle of homelessness and crisis "that becomes the permanent burden on the public sector. A parent who is homeless is at greater risk of losing custody of her children. Those children, when they enter the foster care system, "at least in Washington State are entering a system that over the long term will more likely result in their being homeless as adults." This results in a "cost center" in government programs for a population. The social services cost to "interrupt the cycle of homelessness" is about the same as the cost of homelessness itself. The benefit is that the next generation would be "a much healthier group of young adults who are not going to be as dependant upon the public sector resources and services as perhaps their parents and grandparents had been over time."

[9:50:17 AM](#)

Senator Huggins commented that a model similar to the Sound Families Initiative exists in Anchorage and is operated through the veterans' home. Although the Alaska program is directed toward individuals rather than families, it includes transitional housing, substance abuse, job search and placement, skills training and other components.

[9:51:05 AM](#)

Co-Chair Stedman thanked the Bill and Melinda Gates Foundation for the presentation. The Committee would collaborate with the Alaska Mental Health Trust Authority to assist Alaskan residents to "move forward". He anticipated that Mr. Jesse would be invited to return to the Committee in January 2008 to present "the next step".

AT EASE [9:51:58 AM](#) / [9:56:06 AM](#)

#SB89

[9:56:13 AM](#)

CS FOR SENATE BILL NO. 89(JUD)

"An Act relating to requiring electronic monitoring as a special condition of probation for offenders whose offense was related to a criminal street gang."

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

Co-Chair Stedman informed that his staff as well as the sponsor had been preparing a new committee substitute.

[9:57:02 AM](#)

Senator Huggins offered a motion to adopt CS SB 89, 25LS0644\L, as a working document.

[Note: Although the motion was not formally passed no objection was made and the intent of the Committee was that committee substitute Version "L" be ADOPTED.]

[9:57:35 AM](#)

SENATOR BILL WIELECHOWSKI, Sponsor of the bill, outlined the changes included in the committee substitute. The title was changed to reflect the expansion of the program to include parolees, as initially provided for in the Senate Judiciary Committee substitute. Language of Version "S" was inserted to provide for participants to pay a portion of the costs associated with their monitoring system.

Senator Wielechowski reminded that the Committee had also requested a "more solid understanding" of the cost of the program. A revised fiscal note was prepared, which the Department of Corrections could address.

[9:59:29 AM](#)

Co-Chair Stedman deduced the Committee had no questions of the sponsor. He requested the Department speak to the revised fiscal note.

[10:00:04 AM](#)

DWAYNE PEEPLES, Deputy Commissioner, Department of Corrections, testified that the original indeterminate fiscal note was amended at the request of the Committee to provide an estimate of the costs. However, an error was made in that the figures listed for FY 08 would not actually be incurred until FY 09. He explained that little expense is anticipated for FY 08, as the program would have few participants in its inception. The

Department would apprise both finance committees of any actual expenses and if unable to absorb those costs in the FY 08 operating budget, a supplemental funding appropriation would be requested.

Mr. Peeples spoke to the decision rendered in *Blakely v. Washington* pertaining to mandatory sentencing guidelines that prohibited judges from enhancing criminal sentences based on facts not presented to the jury. He stated that the ruling would require a second determination in court that the aggravating factor existed. The Department concluded therefore that few would participate in the proposed program in FY 08.

Mr. Peeples informed that the Department would submit a corrected fiscal note in which FY 08 expenditures would be changed to indeterminate and subsequent expenditures would be moved "one year out."

AT EASE [10:01:37 AM](#) / [10:02:07 AM](#)

[10:02:17 AM](#)

Senator Thomas asked if the forthcoming fiscal note would reflect "any significant impact" from participant's contributions toward expenses.

[10:02:53 AM](#)

Mr. Peeples replied that the language of the committee substitute is reflected in the calculations of the fiscal note. No additional impact is expected.

[10:03:14 AM](#)

Co-Chair Stedman announced that although his intent had been to report this bill from Committee at this meeting, such action would be delayed until a corrected fiscal note was obtained and reviewed. He also requested additional detail on the anticipated revenue and likelihood of collection from parolees and probationers ordered to pay a portion of the cost.

[10:04:23 AM](#)

Mr. Peeples apologized for the error in the revised fiscal note.

[10:04:38 AM](#)

Co-Chair Stedman accepted the apology. He established that no other testimony was forthcoming.

[10:05:01 AM](#)

Co-Chair Stedman ordered the bill HELD in Committee.

#SB69

[10:05:23 AM](#)

SENATE BILL NO. 69

"An Act relating to the creation of a civil legal services fund."

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

[10:05:35 AM](#)

MARIT CARLSON-VAN DORT, Staff to Senator Lesil McGuire, presented the bill, listing "talking points" into the record as follows.

- SB 69 is designed to provide a financial mechanism whereby the legislature may make appropriations to organizations that provide civil legal services to low-income Alaskans.
- SB 69 would create a civil legal services account funded by provisions required under AS 09.17.020(j), a section of Alaska law requiring 50% of all punitive damage awards be given to the state and deposited into the general fund.
- SB 69 logically calls for the funds needed to assist the disadvantaged in civil legal matters flow out of the civil legal system itself.
- These low-income Alaskans can unduly strain and make inefficient the court system. Often self-represented litigants find themselves unable to effectively represent their interests. This pro-Senator Elton representation costs the system time and money, placing additional burdens on the legal system.

- Necessary efficiencies are achieved throughout the entire process by working these cases through a non-profit entity such as the Alaska Legal Services Corporation.
- ASLC was founded in 1966 and handles cases involving family law issues, landlord/tenant, public entitlements, health, probate and consumer issues.
- SB 69 identifies an ongoing source of funding designed to aid the ASLC in its efforts to provide civil legal assistance to low-income Alaskans.
- SB 69 does not create a mandatory expenditure. Each legislature possesses an option to appropriate these monies to a civil legal services fund.

[10:07:47 AM](#)

Co-Chair Stedman announced intent that this bill would not be reported from Committee at this meeting, but rather public testimony would be taken and the Committee would review the legislation.

[10:08:26 AM](#)

Co-Chair Hoffman asked if a similar program exists in other states.

[10:08:44 AM](#)

Ms. Carlson-Van Dort could not speak to the programs of other states but indicated she would research the matter.

[10:08:57 AM](#)

Senator Olson asked for a comparison of the current general budget of the Alaska Legal Services Corporation (ALSC) to that at the agency's inception in 1966.

[10:09:07 AM](#)

Ms. Carlson-Van Dort answered that the budget has decreased from the budget at the agency's formation.

[10:09:15 AM](#)

Senator Huggins asked the amount of civil damages awarded over the past several years.

[10:09:44 AM](#)

VANCE SANDERS, President, and former Staff Attorney and Supervising Attorney, Alaska Legal Services Corporation, testified that Mr. Harrington could provide figures of amounts collected by the State in civil damages.

[10:10:43 AM](#)

Ms. Carlson-Van Dort informed that a spreadsheet was included in the supporting documentation for this bill provided to Members.

[10:10:52 AM](#)

Mr. Sanders understood that less than \$600,000 was collected over the last three fiscal years. He had expected the Alaska Court System to provide exact figures.

[10:11:13 AM](#)

Co-Chair Stedman shared that the aforementioned spreadsheet was included in a memorandum addressed to Representative Jay Ramras from the Department of Law dated January 22, 2007 [copy on file.]

AT EASE [10:11:43 AM](#) / [10:12:13 AM](#)

[10:12:44 AM](#)

Mr. Sanders stated that his knowledge of the ALSC budget dates to 1984. In that year the agency's budget was approximately \$3.5 million and included \$1.2 million appropriated by the legislature. During that period, the ALSC had offices located in Nome, Kotzebue, Dillingham, Kodiak, Juneau, Ketchikan, Anchorage, Fairbanks, and Barrow.

Mr. Sanders reminded that the agency received no State funding for FY 07. Although federal funding had been "relatively constant", U.S. Senator Ted Stevens has warned that funds received for "Native allotment work" would likely no longer be available and therefore the agency would experience a decrease in federal funding.

Mr. Sanders advised that the concept to utilize revenues generated from punitive damages was suggested by the Alaska Court System in a study it conducted on equal access to justice. The Alaska Court System decided against including civil legal services funding in its budget and offered this option.

Mr. Sanders spoke of the "serious funding issue" of the ALSC. The offices located in Kodiak and Barrow had been closed, and although the Nome office had been recently reopened after being closed, future operation of that location was uncertain.

Mr. Sanders communicated efforts undertaken by the ALSC to secure funding from private attorneys in the State. Donations had been received and a "gifting program" was established. Approximately \$300,000 had been raised for the purpose of creating a foundation with the intent that the agency would eventually become self-sufficient.

[10:15:01 AM](#)

Senator Olson asked if the ALSC primarily represented plaintiffs or defendants.

Mr. Sanders answered that the parties represented varies, with the constant being "poor people". In some cases these are plaintiffs and in others they are defendants. Approximately one-third of the cases pertain to domestic relations, with approximately two-thirds of those cases involving victims of domestic violence.

[10:15:30 AM](#)

Senator Olson pointed out one case listed in the documentation involving a business and asked if the ALSC represented that party.

Mr. Sanders clarified that the list of cases Senator Olson referenced was cases in which punitive awards were obtained. The ALSC "would never be involved in a case where punitive damages were awarded."

[10:15:56 AM](#)

Senator Huggins directed attention to the aforementioned spreadsheet detailing punitive damage awards made in the years 2005 through 2007. Determining the actual amount of the awards was difficult given the notation of "minus attorney fees".

[10:16:15 AM](#)

Ms. Carlson-Van Dort did not have a cumulative total, but noted the spreadsheet is intended to demonstrate the "variability in the punitive damage awards" and relay the difficulty in collecting the monies.

[10:16:32 AM](#)

Senator Huggins assumed that funds could be allocated to the ALSC directly from the general fund since such appropriations would not be limited to a funding source. Because the collection of punitive damages was not "lucrative", the zero fiscal note was inaccurate and that a "debit from the general fund" would occur.

[10:17:30 AM](#)

Ms. Carlson-Van Dort corrected that this legislation would provide "an additional avenue to gain funds in the event that the general funds were unavailable." She reiterated that the ALSC had received no general funds in the last several years.

[10:17:50 AM](#)

Senator Huggins reposed his assertion that punitive damage awards "does not appear to be a very robust source to gain money from."

[10:18:14 AM](#)

Mr. Sanders characterized punitive awards as a "windfall to the State". However, such judgments were "pretty rare" with a cumulative total of \$586,000 awarded by juries in Alaska.

[10:18:54 AM](#)

ANDY HARRINGTON, Executive Director, Alaska Legal Services Corporation, testified via teleconference from Fairbanks that during calendar year 2004 the State received \$167,000 in

punitive damages, \$300,000 in 2005, and \$333.00 in 2006. This demonstrates that the amount received by the State from this source "are a bit of a roller coaster ride." However, "all of these numbers are greater than zero," the amount received by the ALSC from the State for the past few years. For this reason he was appreciative of Senator McGuire for sponsoring the bill.

10:20:39 AM

Mr. Harrington gave examples of a commercial fisherman not paid for fish delivered to a large seafood producer headquartered in another state; a patient traveling out of state for emergency medical treatment whose Medicare and Social Security disability claims are denied; and a young family locked out of their apartment. Similar situations are experienced by many Alaskans but are especially difficult for the poor. The ASLC attempts to assist these people.

Mr. Harrington spoke to efforts to establish offices in additional communities in which population increases and other factors have created a need for services.

10:25:00 AM

CHRISTINE PATE, Attorney, Alaska Network on Domestic Violence and Sexual Assault, testified via teleconference from an offnet location in Sitka and characterized this bill as "a critical piece of legislation in helping to end the cycle of violence in the lives of many Alaskans." She told of a study conducted by two economists that found that legal services are "the most effective means of ending the violence in the victims' lives." A victim deciding to leave her batterer for immediate safety is "just the beginning of her journey for safety for her and her children." To maintain safety, several resources are necessary and include economic help to support her family from child support or spousal support, a protection order to maintain physical safety, a custody order granting custody of her children, and permanent housing. Only an attorney could assist in securing all these elements.

Ms. Pate identified the insufficient number of attorneys providing these legal services. The Network, comprised of a coalition of the domestic violence shelters located in Alaska, has repeatedly surveyed its legal advocates, which report that "civil legal representation is one of the most important things

and the highest priority they see as an ongoing need for their clients."

Ms. Pate daily administered a volunteer attorney program for those entering the domestic violence shelter. This is a separate program from that operated by the Alaska Legal Services Corporation. Many attorneys accept one or more cases per year, donating up to 100 hours per case. In the past seven or eight years the program has been in existence, approximately \$2 million in legal services has been donated to the Network. Despite these efforts, almost one-half of those in need of legal assistance could not receive services due to lack of adequate funding.

Ms. Pate told of the consequences to a victim of domestic violence who is unable to secure legal representation, including losing custody of children, not being awarded child support or spousal support, and denial of a protection order. In this event, some victims return to the abuser uncertain if "they could not make it on their own."

Ms. Pate reported that the Alaska Court System informed her that 70 percent of those "going to court in family law proceedings" were pro se. Many of those "are people who have domestic violence and sexual assault issues in their lives." Therefore, the Alaska Legal Services Corporation must have the resources to provide services to "the most needy Alaskans".

[10:28:52 AM](#)

ALLEN BAILEY, Family Lawyer, testified via teleconference from Anchorage that he serves as an advocate for victims of domestic violence, in civil legal proceedings. He listed his positions and memberships in professional and service organizations, including the Alaska Bar Association (ABA), Commission on Domestic Violence; Chair, ABA Family Law Section; and Co-chair of a joint workgroup between the ABA and the American Psychological Association on abuse issues.

Mr. Bailey read from the report conducted by the economists as referenced by Ms. Pate. The report said, in part, "The availability of legal services has a significant negative effect on the incidence of abuse." Additionally it found, "The continued expansion of the availability of civil legal services will likely continue to lower of incidence of intimate partner

abuse in the future." This research was conducted to identify the reasons that domestic violence has declined in the United States over the past several years. He qualified, "Unfortunately, Alaska has the distinction of having the highest rate of rape in the United States and one of the top five rates of domestic violence."

Mr. Bailey stressed that victims of domestic violence must have legal assistance necessary to "get to safe places, to achieve safety for their children, their families, and to obtain support for the future." He averred, "The first step is to get out of the abusive home and, for many people, the second step is simply not there; they have no help." This legislation would "at least contribute a small amount" towards rectifying this.

10:32:20 AM

JEFF JESSEE, Chief Executive Officer, The Alaska Mental Health Trust Authority, testified as follows.

I came to Alaska in 1980 as a Vista Volunteer and worked part time for Alaska Legal Services and part time for, what now is, the Disability Law Center. I thought it would be helpful for the Committee to know that for many of the Mental Health Trust beneficiaries, access to civil legal help is really very essential to their well being. They are uniquely unable to actually do any of this work on their own.

I'll give you a couple of examples. Mr. Harrington referred to Social Security disability. That's huge for many of our beneficiaries, not only because of being eligible for the SSI payment, but that's the gateway to Medicaid. If you're unable to get SSI eligibility and you don't have Medicaid, then you end up in the emergency room to get your care. That's uncompensated care that all the rest of us pay for.

I'll give you an example of how difficult this can be. Back in the 80s there was a period of time where the Social Security Administration on re-determination kicked thousands of people off of SSI. And they actually found a memo coming out of the Social Security Administration that said, "You know, we should kick a bunch of people off of SSI and only a fraction of those people will appeal. Now most of them that appeal will get back on because in fact

they are eligible, but in the end we'll save money because a lot of people won't appeal and they won't end up with any benefits." For our beneficiaries there's really no recourse for them. I'm not saying that that's going on today, but that's just one example of how difficult it can be for our beneficiaries if they don't have access to some sort of civil legal representation.

[10:34:40 AM](#)

Co-Chair Stedman established that no other testimony was forthcoming.

[10:35:00 AM](#)

Senator Thomas asked the number of the recommendations made on page 31 of the "Access to Civil Justice Task Force Report and Recommendation" had been implemented.

[10:35:28 AM](#)

Ms. Carlson-Van Dort could not answer.

[10:35:53 AM](#)

Mr. Harrington responded that the Alaska Court System established a "follow-up committee" to address the recommendations. Most recommendations pertaining to the Alaska Court System had been implemented. Additionally a separate agency was established to handle those civil cases in which the Alaska Legal Services Corporation was prohibited from accepting under "Congressional restrictions". This agency is called the Alaska Pro Bono Program Incorporated.

Mr. Harrington informed that the recommendation that the ALSC required a budget of approximately \$5 million to achieve "the minimum access" that "should be the goal." The current budget of the ALSC is approximately \$3.4 million, of which approximately \$300,000 to \$400,000 represents volunteer services donated by private attorneys handling cases pro bono.

[10:38:04 AM](#)

Co-Chair Stedman ordered the bill HELD in Committee.

#

**ADJOURNMENT**

Co-Chair Bert Stedman adjourned the meeting at [10:39:27 AM](#)