

SENATE FINANCE COMMITTEE  
March 15, 2008  
10:05 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [10:05:26 AM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Darwin Peterson, Staff, Senator Bert Stedman; Dana Owen, Staff, Senator Johnny Ellis; Paula Scavera, Legislative Liaison, Department of Labor and Workforce Development; Pat Davidson, Legislative Auditor, Legislative Audit Division, Legislative Affairs Agency; Tom Obermeyer, Staff, Senator Bettye Davis; Senator Bettye Davis, Pat Davidson, Legislative Auditor, Legislative Audit Division, Legislative Affairs Agency; Denise Daniello, Executive Director, Alaska Commission on Aging; Joanne Gibbons, Program Manager, Department of Health and Social Services; Jodi Simpson, Staff, Senator Charlie Huggins; Sally Saddler, Legislative Liaison, Commerce Community and Economic Development

PRESENT VIA TELECONFERENCE

Michael Hanzuk, Development Specialist, Ardor Program, Department of Commerce, Community and Economic Development; Mike Catsi, Southwest Alaska Municipal Conference

SUMMARY

SB 120 "An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

CSSB 120 (FIN) was REPORTED out of Committee with "no recommendation" and a new fiscal note from the Department of Labor and Workforce Development.

SB 209 "An Act extending the termination date of the Alaska Commission on Aging; and providing for an effective date."

SB 209 was REPORTED out of Committee with a "do pass" recommendation and a new fiscal note from the Department of Health and Social Services.

SB 243 "An Act relating to the duties and powers of the Alaska Commission on Aging and the Department of Health and Social Services."

CSSB 243(HES) was REPORTED out of Committee with a "do pass" recommendation and fiscal note #1 & #2 from Department of Commerce, Community and Economic Development.

SB 254 "An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

SB 254 was REPORTED out of Committee with a "do pass" recommendation and fiscal note #1 & #2 from Department of Commerce, Community and Economic Development.

[10:05:36 AM](#)

SENATE BILL NO. 120

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

Co-Chair Hoffman MOVED to ADOPT Work Draft for SB 120, 25-LSO622/N, Wayne, 3/14/08.

Co-Chair Stedman OBJECTED.

DARWIN PETERSON, STAFF, SENATOR STEDMAN, explained that there are three main changes:

- Sec. 9, line 7, changed to 2 year phase in for the decreased contribution rate paid by the employer. Instead of going from 80% to 73% in one year, the phase in would be 76% beginning January 1, 2009 and 73% beginning January 1, 2010.
- Page 6, line 13, Sec. 10 creates the two year phase in for the increased contribution rate paid by the employee. The rate would change to 24% beginning January 1, 2009 and 27 % beginning January 1, 2010.

- Sec. 13, 14 and 15 have been deleted. He explained that section 13 was a conforming amendment that is no longer needed with the deletion of section 14. Section 14 is the automatic annual recalculation of the benefit amount (escalator clause). Sec. 15 was deleted as it conflicted with federal law. He referenced the handout of federal tax code Chapter 23 - Federal Unemployment Tax Act (On File).

Co-Chair Stedman WITHDREW his OBJECTION.

There being NO OBJECTION, CSSB120 (FIN) 25-LS0622/N, Wayne, 3/14/08 was adopted.

[10:10:03 AM](#)

DANA OWEN, STAFF, SENATOR ELLIS, presented SB 120. He informed the Committee that for the last 11 years the maximum weekly benefit amount for unemployment insurance has remained at \$248. He explained that the intent of SB 120 is to raise unemployment insurance to \$370.

Senator Olson asked if the Sponsor agreed with the changes in the Committee Substitute.

Mr. Owen said the Sponsor is fine with the change and believes it is an improvement to the bill.

Senator Olson asked if those effected by the changes in the CS have commented on the change.

[10:12:37 AM](#)

Mr. Owen acknowledged that the escalator clause may not stay in the bill. He explained that members of both houses have discussed the automatic adjustment to benefit amounts (escalator clause, Sec. 15). There are many who oppose these adjustments and Senator Ellis had anticipated this and discussed the issue with others, but there is no public testimony on record regarding the changes.

Senator Thomas said he is pleased to see the increase in the amount. He would prefer to see the escalator clause in the bill, but is not concerned with its removal.

[10:14:26 AM](#)

Co-Chair Hoffman MOVED to REPORT CSSB 120(FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

Co-Chair Stedman OBJECTED and asked if the Administration had an opinion on the bill.

[10:15:24 AM](#)

PAULA SCAVERA, LEGISLATIVE LIAISON, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, said there was no comment from the Department.

Co-Chair Stedman WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered.

AT EASE: [10:16:20 AM](#)

RESUME: [10:17:17 AM](#)  
SENATE BILL NO. 209

"An Act extending the termination date of the Alaska Commission on Aging; and providing for an effective date."

}Senator Bettye Davis, Sponsor, explained that SB 209 is simply an extension of the termination date of the Alaska Commission on Aging. She said the legislative audit suggests the extension of the Commission.

[10:17:37 AM](#)

Senator Dyson asked what the recommendation of the audit was. Senator Davis said the audit recommended that the Commission be extended by five years. Additional changes were recommended and are addressed in SB 243. The audit recommended that some duties of the Commission be given to the Department.

Senator Dyson asked if there was any analysis of what the commission had accomplished. Senator Davis said the Alaska State Plan, Senior Services FY 08-FY 2011 report, provides that information and is in the bill packet.

Co-Chair Stedman asked if the eight-year extension is a standard extension time. Senator Davis said that was the recommended time for extending the Board.

[10:19:46 AM](#)

PAT DAVIDSON, LEGISLATIVE AUDITOR, LEGISLATIVE AUDIT DIVISION, LEGISLATIVE AFFAIRS AGENCY, summarized the audit. She said that the eight-year extension is the standard extension for commissions that are currently under the sunset clause. The division recommends that the termination date be extended. "The commission meets all the federal requirements to have an advisory council consisting of older individuals who are eligible to participate in federally funded programs under the Older Americans Act." The audit

recommended that the administration of grants be moved to a division within the Department of Health and Social Services (DHSS) due to its experience as a granting agency. In 2003 the commission moved from Department of Administration to DHSS. Legislative audit suggested the statute be changed to reflect the shift in function and roles. At the time of the move, the focus and intent changed from being a granting agency to limiting the focus to advocacy, issues. She said the audit also found that staff turnovers and vacancies hampered the functions of the commission. She noted that with the refocus on advocacy the commission is more effective.

[10:22:31 AM](#)

Co-Chair Stedman addressed the fiscal note from the Department of Health and Social Services for \$482.8 thousand.

Senator Dyson commented on the quote from the analysis "helping older Alaskans lead dignified, independent, and productive lives." He said the wording provides no specifics and no tools to measure effectiveness. He expressed concern about lack of goals and objectives that can be measured.

Senator Thomas noted that the older population is increasing, hence the need for greater funds.

[10:25:54 AM](#)

Senator Olson shared Senator Dyson's view, in general, regarding the importance of quantifying needs for funds. He underlined that the aging population is growing and the importance of taking care of that segment of the population.

Co-Chair Hoffman MOVED to REPORT SB 209 out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

SENATE BILL NO. 243

"An Act relating to the duties and powers of the Alaska Commission on Aging and the Department of Health and Social Services."

[10:29:24 AM](#)

TOM OBERMEYER, STAFF, SENATOR DAVIS, read from the sponsor statement:

The CS for Senate Bill 243(HES), 25-LS1351\E, has a zero fiscal note. As required by a 2007 Legislative Audit, this "clean-up" bill brings into alignment grant duties and responsibilities that were previously given to the Department of Health and Social Services (DHSS), when the Commission on Aging (ACoA) and Division of Senior Services became part of DHSS. For this reason, statutory changes repeatedly replace "Commission" (ACoA) with "Department" (DHSS) to properly recognize the duties and responsibilities of each. This bill, which mirrors CSHB 279(HES), 25-LS1106\E, assigns authority for establishing state policy related to the Older Americans Act federal programs and state programs for Older Alaskans to the Department of Health and Social Services. DHSS is recognized as the state "Unit on Aging."

The bill also transfers grant authority related to senior service grants, adult day care, and family respite care grants from the Alaska Commission on Aging to DHSS. DHSS has assigned these grant administrative duties to Senior and Disabilities Services. As background to the importance of the duties and responsibilities recognized in this bill, the Alaska Commission on Aging is responsible for planning, advocacy, and community education activities related to the health and welfare of older Alaskans. It has relationships with state departments and agencies across the state, including the governor's office, the Alaska Mental Health Trust Authority, the Alaska Housing and Finance Corporation, and non-governmental organizations.

The need for senior programs and services is rapidly increasing, Per the State plan for Senior Services FY 2008-FY 2011, Alaska already has the highest proportion of baby boomers (32%) in the nation, and its senior population is growing faster than almost any other state. By 2030 seniors 60+ will comprise 17% of the Alaska population, with a doubling of the number of those 65+.

[10:32:33 AM](#)

Co-Chair Stedman asked if the bill was created as a response to the audit. Mr. Obermeyer confirmed and added that the language in the statute did not reflect the changes in responsibilities when the transfer took place.

Co-Chair Stedman asked if the provision complies with federal requirements of the Older Americans Act. Mr. Obermeyer informed the Committee that "Alaska's state plan for senior services" was signed by the state and federal Departments of Health and Social Services, as well as the

Department of Commerce, Community and Economic Development. He noted "the importance of the federal government signing off on the plan is that a significant portion of the financial aspects are paid for by the federal government." The federal government reviews every plan before it authorizes the release of funds.

[10:35:42 AM](#)

Senator Dyson questioned the language on page 6 line 10; "contract for necessary services". He asked if the language is for the commission to contract services for the commission.

Mr. Obermeyer deferred to Ms. Daniello.

[10:36:53 AM](#)

DENISE DANIELLO, EXECUTIVE DIRECTOR, ALASKA COMMISSION ON AGING, said the language allows the commission to contract for services with other entities. She provided an example: The commission contracted with DHSS, the Mental Health Trust Authority and the University of Alaska to produce Report on Economic Wellbeing of Alaska Seniors.

[10:38:06 AM](#)

Senator Dyson commented that the commission has no authority under the provision to contract for services for seniors. The services they have authority to contract are those that serve the mission and execute the duties of the commission. He would have preferred clarity in the law outlining that the commission is to encourage independence, not dependence on government.

Ms. Daniello reported that currently there are 81,000 seniors in Alaska that make significant contributions to the state. This population contributes significantly to the state economically through retirement incomes and social security. She added that seniors also contribute thousands of volunteer hours to organizations throughout the state. She underlined that the commission is helping people to lead independent lives. The commission was established in 1982. The average age of a Pioneer home resident was late 60s; now the average age is 82. This illustrates that seniors are entering nursing homes at a later age, which saves the state money.

[10:41:40 AM](#)

JOANNE GIBBONS, PROGRAM MANAGER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, testified in support of the bill. She explained that the current structure is a collaborative

effort between the department and the commission and is working very well.

Co-Chair Hoffman MOVED to Report CSSB 243(HES) out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, CSSB 243(HES) was REPORTED out of Committee with a "do pass" recommendation and fiscal note #1 & #2 from Department of Commerce, Community and Economic Development.

10:43:27 AM

SENATE BILL NO. 254

"An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

JODI SIMPSON, STAFF, SENATOR HUGGINS, presented SB 254 and read from the sponsor statement:

The Alaska Regional Economic Assistance Program was created by the Legislature in 1988 to promote the economic development of Alaska's urban and rural areas. This program enables the creation of Alaska Regional Development Organizations (ARDORs). Each ARDOR is guided and directed by a board of directors composed of the economic development interests in the region. To carry out their mission, the State provides funding in the form of grants for the ARDOR program. In turn, the ARDORs use that money to leverage, on average, eight times the State's investment in private, federal, and other funds. Currently, there are 11 ARDORs across the state. These ARDORs:

- Enable local officials and businesses to pool their limited resources and work together on economic development;
- Develop partnerships among public, private and other organizations; and
- Provide technical assistance via direct links with local citizens.

SB 254 is a companion bill to House Bill 272, which is sponsored by Representative Bill Stoltze. The Alaska Regional Economic Assistance Program and its ARDORs are an important part of the economic development of their regions. I ask your support in extending this program to 2013.

10:46:32 AM

Senator Dyson noted that Ms. Pat Davidson, Legislative Auditor testified that the standard extension is eight years. He questioned why the provision extends to only five years.

Ms. Simpson explained that there was some discussion on decreasing the standard five year extension to three years. The extension remained at five years and she was uncertain if the eight year extension was considered.

[10:47:37 AM](#)

Senator Huggins explained the standard of eight years relates to boards and commissions which is a different category from programs.

Ms. Simpson said there are two fiscal notes from Department of Commerce, Community and Economic Development.

Senator Huggins noted there is a considerable amount of nongovernmental funds that come into play with the organization.

Co-Chair Stedman asked if Legislative Budget and Audit (LB&A) reviewed any of the activities of the AIEDEA.

Ms. Simpson explained that each ARDOR is responsible for conducting an internal audit. She said Ms. Davidson reported there has not been a Legislative audit in the last 10 years.

Co-Chair Stedman asked Ms. Simpson to explain the role of ARDORS as collaborator with other organizations to improve economic conditions.

[10:49:41 AM](#)

Ms. Simpson deferred to Michael Hanzuk and Mike Catsi who could better explain their relationship with other organizations.

[10:50:29 AM](#)

MICHAEL HANZUK, DEVELOPMENT SPECIALIST, ARDOR PROGRAM, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (testified via teleconference) in support of SB 254. Mr. Hanzuk said there has been a great deal of collaboration within the 11 groups, as well as at the local level with economic development groups. Each region works with all entities to determine the regions goals and objectives.

[10:52:56 AM](#)

MIKE CATSI, SOUTHWEST ALASKA MUNICIPAL CONFERENCE (testified via teleconference), in support of SB 254. He explained that his organization works with a wide range of organizations. He said he was available for any questions.

Senator Thomas commented that ARDORS are good coordinators for collaboration on economic development issues.

SALLY SADDLER, LEGISLATIVE LIAISON, COMMERCE COMMUNITY AND ECONOMIC DEVELOPMENT, addressed the fiscal note. She explained the fiscal note adds \$13.1 thousand of AIDEA receipts to be transferred to the Office of Economic Development via inter-agency receipts for keeping the position funded at 50 percent.

Senator Olson emphasized the value of the work done by ARDORS in his district and voiced strong support of SB 254.

[10:56:28 AM](#)

Senator Huggins emphasized the importance of economic development across the state and the significance of the ARDORS role in assisting communities in that endeavor.

Senator Huggins MOVED to Report out of Committee SB 254 with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

AT EASE: [10:57:38 AM](#)

RECONVENE:[10:58:18 AM](#)  
ADJOURNMENT

The meeting was adjourned at 10:58 AM