

SENATE FINANCE COMMITTEE
February 8, 2010
9:06 a.m.

9:06:03 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Dennis Egan
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair
Senator Johnny Ellis

ALSO PRESENT

Senator Joe Paskvan; Jerry McCune, United Fishermen of Alaska; Mike Monagle, Program Coordinator, Department of Labor and Workforce Development; Paula Scavera, Special Assistant, Department of Labor and Workforce Development; Senator Jay Ramras; Jane Pierson, Staff, Senator Jay Ramras; Cheryl Walsh, Director, Division of Vocational Rehabilitation, Department of Labor and Workforce Development

PRESENT VIA TELECONFERENCE

Karla Jutzi, Executive Director, Center for the blind and Visually Impaired, Office of the Governor

SUMMARY

SB 83 VOCATIONAL REHABILITATION COMMITTEE

SB 83 was heard and HELD in Committee for further consideration.

SB 163 MAXIMUM BENEFIT FROM FISHERMEN'S FUND

SB 163 was heard and HELD in Committee for further consideration.

CSHB 98 (FIN)am

ALCOHOL: MINOR CONSUMING/LOCAL OPTION

CSHB 98 (FIN)am was heard and HELD in Committee for further consideration.

#sb163

SENATE BILL NO. 163

"An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

SENATOR JOE PASKVAN, sponsor, explained the workings of SB 163, which updates the Alaska Fishermen's Fund limit to \$10,000. This will bring the program back to a meaningful level of assistance as the payer of last resort for commercial fishermen and crew who sustain injuries or illness while fishing.

Senator Paskvan related that the Fund was established in 1951 and was set up to provide for the treatment and care of Alaskan licensed commercial fishermen and crew who are injured while fishing on shore or off shore in Alaska. The upper limit on claims has remained at \$2,500 since 1959. If that amount had been adjusted for inflation, it would be worth approximately \$18,230 today. While the upper limit on claims has remained unchanged, healthcare costs have steadily risen.

Senator Paskvan explained that the Fund is financed by revenue received from each resident and non-resident commercial fisherman and crew for licenses and permit fees. In 2008 there were 13,706 commercial permit holders who contributed to the Fund. That included 135 from the Fairbanks Northstar Borough. The Fund account has grown to \$11,500,000, even as healthcare costs have risen, due in part to continuing improvements in fishing industry safety. The bill updates the Fund limit to \$10,000 to help ensure that Alaska's fishermen have access to healthcare when

injured while fishing. It is important to note that this increase is not projected to jeopardize the sustainability of the Fund.

[9:09:31 AM](#)

Co-Chair Stedman inquired about commercial fishing opportunities on the Chena River in Senator Paskvan's district. Senator Paskvan said they were extremely limited. He reported that the bill applies to the number of permit holders that travel to commercial areas in the state, such as the slips in Valdez.

Co-Chair Stedman noted a zero fiscal note from the Department of Fish and Game and a fiscal note for \$63,700 from the Department of Labor and Workforce Development. He noted that the Fund has sufficient monies to absorb that increase.

[9:11:38 AM](#)

JERRY MCCUNE, UNITED FISHERMEN OF ALASKA, spoke in favor of SB 163.

Senator Huggins asked about workman's compensation opportunities for fishers. Mr. McCune explained how money from the permit fee goes into the Fund. He related history from a loan program which began in the 70's for the purpose of keeping Alaskan residents in the fisheries.

Senator Huggins asked about money sources for the Fund, other than from permit fees. Mr. McCune replied that there were no other sources of money except for the \$50 per permit from the permit holder and \$23 from the crews.

Co-Chair Stedman restated that for each license, a portion of the fee goes to the Fund. Mr. McCune agreed. Co-Chair Stedman asked for a breakdown of out-of-state versus in-state commercial fishermen. Mr. McCune did not have that information.

[9:16:02 AM](#)

Senator Olson agreed that health expenses should be covered. He requested more information as to how insurance funds work. He wondered how the Fund ties in with the Native Health Service and which insurance would be primary.

Mr. McCune related that the Fund is not the primary payer, but rather secondary to other policies. A council reviews all claims. Also, the incident has to happen on the job.

Senator Olson expressed concern that the fund may be penalizing those covered by other plans. Mr. McCune explained how the policy works with other insurance. Most of the claims last year were for around \$1,000. Senator Olson pointed out that fishers in his district covered by the Native Health System would not benefit by the Fund and yet have to pay into it. Mr. McCune suggested that if the Fund were to be used as the primary insurer, the money would run out. Those who have no other insurance could use the Fund, but the claim would have to be approved by the council.

Senator Olson asked what the deductible is. Mr. McCune said it is currently \$2,500, but that can be appealed to the council. The goal is to raise it to \$10,000. Senator Olson asked if the insurance is available to all fisheries. Mr. McCune said it was available to all state permit holders and licensed crew members.

[9:21:01 AM](#)

MIKE MONAGLE, PROGRAM COORDINATOR, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, in response to a question by Co-Chair Stedman, offered to provide a spreadsheet that shows the number of resident and non-resident permits and licenses. The funds are transferred to the Department of Labor monthly from the Department of Fish and Game and twice a year from the Limited Entry Commission.

Co-Chair Stedman asked for the department's opinion as to how the fund is working. He wondered if the department supported the bill.

PAULA SCAVERA, SPECIAL ASSISTANT, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, stated that both the department and the administration support the bill.

Co-Chair Stedman asked if Mr. Monagle wished to address Co-Chair Hoffman's question. Mr. Monagle explained how the Fund works. He called it a "payer of last resorts". Other types of insurance are primary; the Alaska Fishermen's Fund is a secondary payer.

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Senator Olson discussed the Indian Health Services's (IHS) relationship as the primary provider. Mr. Monagle agreed that the Fund would not pay if IHS were the provider. When there is a contract provider, the Fund is considered the primary payer. Senator Olson expressed concern that a Native fisher has to pay into the Fund, but cannot access it. Mr. Monagle agreed that was correct, if there was no deductible. The Fund would cover expenses not paid by IHS. Senator Olson commented that IHS runs all of the clinics in his district.

[9:25:56 AM](#)

Senator Huggins spoke of special interest groups and worker's compensation. He requested information on upper claims. Mr. Monagle said there is an upper limit of \$2,500 currently. That is waived when there are compelling reasons. There is an appeal process to request an extension of benefits. Each year there is approximately \$400,000 worth of requests for extended benefits. The council is not limited to \$2,500; the administration is. The council is made up of commercial fishermen and meets only twice a year.

Mr. Monagle noted that the Fund program is housed in the Division of Workers' Compensation; however, the Workers' Compensation Act specifically excludes commercial fishermen from workers' compensation.

Senator Huggins gave a hypothetical example. Mr. Monagle stated that the Fund does not pay death benefits. He related the benefits of the Jones Act, a civil action remedy. He thought that most vessel owners carried indemnity insurance.

[9:30:05 AM](#)

Co-Chair Stedman asked for more information about a chart entitled, "License Revenue Activity" (copy on file). Mr. Monagle explained that some recent deficits were due, in part, to the council's allowing of large payments. He said there were not many extension requests for claims in excess of \$10,000. The council does consider availability of funding when paying large claims.

Co-Chair Stedman requested information about 2009 resident and non-resident revenue. Mr. Monagle clarified that licenses for residents are less than for non-residents and the contribution to the Fund is 39 percent of the license fee. Non-residents pay a higher rate.

Co-Chair Stedman requested information about claims from both groups. Mr. Monagle offered to provide that information.

[9:34:03 AM](#)

Senator Huggins asked about the "child" category. Mr. Monagle said there is a child crew member license requirement for those up to 14 years old. Senator Olson asked for clarification on the age requirement. Mr. Monagle said 14 and below. He did not know about enforcement issues.

Senator Thomas asked if the data was from a calendar year or a fiscal year. Mr. Monagle said it was a fiscal year. Senator Thomas asked where the money is invested. Mr. Monagle explained that the money is a dedicated fund, not in the general fund. The Fund does not earn interest. A provision in statute says up to 50 percent of the earnings may be used for safety education. Co-Chair Stedman thought it was a General Fund and Other Non-Segregated Investments (GeFONSI) classification.

Senator Thomas asked about the trends in the number and costs of claims. There have been fewer claims, but they have been more costly. Receipts are down and benefits paid are somewhat static.

[9:37:34 AM](#)

Senator Egan asked how increasing the benefit amount to \$10,000 would impact the surplus/deficit column. Mr. Monagle reported that the administration's ability to approve a claim is currently limited to \$2,500. There are typically 100 appeals twice a year for claims between \$2,500 and \$10,000, some of which are paid. The department felt that it could sustain an increase of about \$65,000 if it paid those claims.

[9:39:24 AM](#)

Co-Chair Stedman asked for further information about the breakdown of claims.

Senator Egan asked who administers the Fund and decides on the amount of the year-end Fund balance. Mr. Monagle said the Fund balance is a moving target and is not set. The council keeps an eye on it when paying extra benefits.

SB 163 was heard and HELD in Committee for further consideration.

[9:41:54 AM](#)

#hb98

CS FOR HOUSE BILL NO. 98(FIN) am

"An Act relating to minor consuming and repeat minor consuming; relating to penalties for violations of limitations on possessing, sending, shipping, transporting, or bringing alcoholic beverages to, soliciting or receiving orders for delivery of alcoholic beverages to, and the manufacture, sale, offer for sale, barter, traffic, or possession of alcoholic beverages in, a local option area; and providing for an effective date."

SENATOR JAY RAMRAS, SPONSOR, explained the content of HB 98. He related that there are three types of minor consuming; minor consuming, repeat minor consuming, and habitual minor consuming. The bill fixes a problem that occurred with the enactment of HB 359, an effort by the state to allow those convicted of minor consuming to join the military. Previously, if they were on probation with the state, through the age of 21, they did not have access to enlisting in the military. This legislation eliminates a problem with HB 359.

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JANE PIERSON, STAFF, SENATOR JAY RAMRAS, echoed that the bill is a "fix" bill. Previously, if a person was convicted of minor consuming, they would not be placed on probation, which would result in never reaching a repeat minor consuming status. There was a change to HB 98 on the House Floor to include that minor consuming and repeat minor consuming are not criminal offenses; only repeat minor

consuming is a misdemeanor. The Department of Law added a fix to the bootlegging provision which would bring sentencing and penalties in line with the DUI felony provision.

Co-Chair Stedman noted three zero fiscal notes and one indeterminate note from the Department of Corrections. The committee is waiting for an updated FY 11 fiscal note from the Department of Corrections.

HB 98 was heard and HELD in Committee for further consideration.

[9:46:38 AM](#)

#sb83

CS FOR SENATE BILL NO. 83(L&C)

"An Act repealing the Governor's Committee on Employment of People with Disabilities; creating the State Vocational Rehabilitation Committee and relating to the committee; and providing for an effective date."

CHERYL WALSH, DIRECTOR, DIVISION OF VOCATIONAL REHABILITATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, read the sponsor statement:

Senate Bill 83 is an act repealing the Governor's Committee on Employment and Rehabilitation of People with Disabilities; creating the State Vocational Rehabilitation Committee.

The primary purpose of this legislation is to bring current state statute into compliance with federal laws. During the first week in May, a monitoring team from the Federal Rehabilitation Services Administration will be in Alaska so the division is very interested in having this bill pass prior to their visit.

The bill repeals the Governor's Committee on Employment of People with Disabilities (GCEPD) and creates the State Vocational Rehabilitation Committee which will function as the State Rehabilitation Council and the Assistive Technology Advisory Committee, both of which are required by federal law

to accept funding for the Assistive Technology grant and to operate the Vocational Rehabilitation Client Services Program which assists Alaskans with disabilities to obtain employment. Membership requirements of the State Rehabilitation Council and the Assistive Technology Advisory Committee are very similar.

The bill addresses the appointment, number, composition of committee members. Membership described in current state statute is related to a board that no longer required and is no longer relevant. The bill is designed to allow the composition of the committee to change without revising state statutes, if federal regulations change. This was done at the recommendation of legislators during the 2007 legislative session. Since the committee is funded from same funds used to provide services and make assistive technology available to Alaskans with disabilities, the division is not interested in growing the size of the committee beyond what is required. There is no paid staff on the committee.

The bill also addresses the selection and term of the committee chair. It eliminates the need for the governor to appoint the chair, allowing the voting members of the committee to make a selection, subject to disapproval by the governor.

The bill provides for four meetings per year which may be conducted telephonically. The committee currently makes sure that at least one meeting is held in a rural location. The ability to conduct meetings telephonically allows for committee members to participate when their disability makes travel difficult. If necessary, and when appropriate, the committee could hold telephonic meetings to control expenses.

The bill allows for a smooth transition of current members to the State Vocational Rehabilitation Committee.

In closing I'd like speak specifically to the value that this committee brings to the Division of Vocational Rehabilitation. This committee brings an important external view to the agency. Members act as a voice for consumers and other stakeholders in the public rehabilitation system. Without the structure of a volunteer, governor-appointed board; the division would not have access to the talent, wisdom and experience that members bring. The majority of members also bring the perspective of what it is like to live with a disability. Their perspective enriches the program greatly as we conduct the statewide needs assessment, survey consumer satisfaction, host community forums, review agency policies, and make recommendations to improve service provision. At each of their quarterly meetings, they reserve an entire hour to receive public testimony from individuals who are currently receiving services. This hour is always filled with incredibly valuable feedback.

Committee members recently met with legislators and handed out their annual report to the governor. The report describes their purpose, history, responsibilities, goals, and results of the consumer satisfaction surveys. If you have not received a copy, I would be happy to give you one.

One final note, creating the State Vocational Rehabilitation Committee would end the confusion between the Governor's Council on Disabilities and Special Education and The Governor's Committee on the Employment and Rehabilitation of People with Disabilities. Although the purpose of each board is very different, the public often confuses them because the names are so similar.

[9:51:48 AM](#)

Co-Chair Stedman commented that the bill was due to federal regulations. He wished to know more about the costs, and whether it was an unfunded mandate. He requested the administration's opinion and wondered if the bill required future legislative adjustments.

Ms. Walsh explained that the committee is funded by the Client Services budget for \$65,000 per year. The legislation requires that the committee have about 15 members, of which 51 percent have disabilities. The bill is correcting the composition of the committee, which currently caps the members at 12. The difference in cost of three more members would be about \$7,500 per year and would be grant funded.

[9:53:51 AM](#)

Co-Chair Stedman summarized that the three additional seats would be fully funded by the federal government, which is requesting the new committee. Ms. Walsh said the department has a match requirement. She did not foresee a need to change this legislation in the future because its goal is to correct a statute which has been out of alignment.

Co-Chair Stedman wondered what response the administration would have if the federal government decided to reduce the \$7,500 amount. Ms. Walsh reported that there were a number of ways the committee could meet, such as telephonically, in order to save money.

[9:55:47 AM](#)

Senator Thomas asked if there was a measuring mechanism to see the impacts of job placement. Ms. Walsh wondered if Senator Thomas was asking how many people were employed. Senator Thomas wished to see evidence of job placement results related to the committee. Ms. Walsh clarified the role of the committee regarding policy changes, business development, and surveys. The committee is not actually tied to placements of individuals. She reported that 549 individuals with significant disabilities were placed in competitive employment last year. Senator Thomas wondered if that was as a result of the committee's activity. Ms. Walsh believed that the committee increased the quality of placement.

[9:58:56 AM](#)

Senator Huggins wondered which categories of people are represented on the committee. He restated the question related to page 2, line 5 of the bill. Ms. Walsh replied that the current member representatives are listed in the bill. The required members are: one vocational

rehabilitation counselor, one certified rehabilitation provider, four business, industry or labor representatives, one person from the Alaska Workforce Investment Board, the Statewide Independent Living Council designee, one Parent Training representative, one Tribal Vocational Rehabilitation representative, one Client Assistance Program representative, the Vocational Rehabilitation Director, a Statewide Education representative, a former or current Vocational Rehabilitation consumer, and a representative of individuals who have difficulty representing themselves because of their disabilities.

Co-Chair Stedman asked if the administration supports the bill. Ms. Walsh said it did.

Ms. Scavera offered to answer questions.

[10:02:43 AM](#)

KARLA JUTZI, EXECUTIVE DIRECTOR, CENTER FOR THE BLIND AND VISUALLY IMPAIRED, OFFICE OF THE GOVERNOR, testified via teleconference. She spoke in support of the bill which corrects an outdated statute that makes it difficult for the governor's office to make committee appointments that are in compliance with current federal regulations.

Co-Chair Stedman noted one fiscal note from the Department of Labor and Workforce Development which reflects the \$7,500 increase in travel and per diem for the three additional members of the committee. The cost will be absorbed in the division's current budget.

SB 83 was heard and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 10:04 AM.