

HOUSE FINANCE COMMITTEE
February 18, 2014
1:35 p.m.

1:35:07 PM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative Mark Neuman, Vice-Chair

ALSO PRESENT

Representative Mike Hawker, Sponsor; Vasilios Gialopsos, Staff, Representative Charisse Millet; Millie Ryan, Executive Director, REACH, Inc.; Les Morse, Deputy Commissioner, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

Richard Sanders, Program Coordinator, Governor's Council on Disabilities and Special Education; Catherine Babuscio, Mat-Su Regional Medical Center, Palmer; Art Delaune, Governor's Council on Disabilities and Special Education, Fairbanks.

SUMMARY

HB 211 EMPLOYMENT OF PERSONS WITH DISABILITIES

CSHB 211(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Education and Early Development and three previously published zero fiscal notes: FN1 (ADM); FN2 (DHS); FN3 (LWF).

HB 263 EXTEND SENIOR BENEFITS PAYMENT PROGRAM

CSHB 263(HSS) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (HSS).

#hb263

HOUSE BILL NO. 263

"An Act extending senior benefits."

[1:36:21 PM](#)

Representative Costello moved the House Health and Social Services Committee bill version before the committee.

REPRESENTATIVE MIKE HAWKER, SPONSOR, relayed the change made in the CS tightened up the bill title to specifically reference the Alaska senior benefits payment program. The bill would extend the existing senior benefits program for six years from June 30, 2015 to June 30, 2021.

Co-Chair Stoltze remarked that the largest issue was the "lengthy" extension. Representative Hawker stated that the opinion was that of the co-chair.

Representative Hawker communicated that the bill would provide a needs-based financial supplement to seniors in Alaska based on the federal poverty level. The program offered a \$250 per month stipend to seniors who fell below 75 percent of the federal poverty level, \$175 to seniors at the 100 percent federal poverty level, and \$125 to seniors at 175 percent of the federal poverty level. He addressed the length of the extension in relation to the number of seniors benefitting from the program and the relatively small stipend. The average age of the recipients was 75; the benefits served seniors up to the age of 103. The

population was increasingly aging and vulnerable and faced escalating medical, housing, and food costs. The bill helped to provide elderly Alaskans who had the least resources and most limited ability to secure employment with a relatively small stipend to support their lives. The program provided assurance and comfort to the state's senior citizens. He stressed that it was the legislature's priority to be concerned about senior citizens in the state. He addressed the length of the program extension and believed that for the price of the program it should be one of the state's highest priorities. He opined that because the program was a high priority, a long-lived extension was warranted.

[1:41:20 PM](#)

Representative Hawker spoke to the reason the program was not open-ended and implemented in statute. He was proud of senior advocates who had communicated that it was important to revisit the issue over time. He elaborated that it would be necessary to evaluate the program parameters in the future to determine whether it remained viable. He hypothesized that the world could change sufficiently in six years and increasing the program's generosity could be warranted at that time. He relayed that the maximum time for extending boards and commissions was eight years; the bill's six-year term communicated the legislature's commitment to seniors in the state. The extension would ensure certainty for the individuals benefitting under the program and would also allow the legislature to revisit the issue in a reasonable period of time.

[1:43:12 PM](#)

Co-Chair Austerman did not disagree with statements made by Representative Hawker; however, he believed under the current budgetary circumstances that the extension should be shortened to three years. He agreed that perhaps in six years the program benefits could be increased if the state was facing an improved financial environment. He was currently uncomfortable extending the program too far out into the future.

Representative Gara appreciated the bill. He relayed that had introduced a similar bill with other minority members. He discussed the former longevity bonus program that did not have a sunset; however, as beneficiaries passed away

the cost of the program declined. He supported the senior benefits program. He opined that it was difficult to argue when the sunset should occur. He discussed that the bill was fair and fiscally conservative given that benefit levels had not been raised. He noted that a number of seniors may contend that benefit amounts had been eroded by inflation. He understood leaving the benefits at the current level given the state's fiscal situation. He believed a six-year extension was appropriate.

Co-Chair Stoltze noted that Representative Hawker had sponsored the initial bill related to the program and wondered if the Senate had increased the benefits in the past. Representative Hawker replied that he had offered the bill in 2007 and did not believe the benefits had been changed since its introduction.

[1:47:48 PM](#)

Representative Wilson asked whether a program recipient would continue to receive the benefits after moving into a state-run Pioneer Home. She wanted to ensure the state was not paying the benefits to a state agency. She was in favor of the program.

Representative Hawker pointed to a Senior Benefits Program Fact Sheet dated January 31, 2014 (copy on file). He relayed that payments were not available to seniors living in prison, a nursing home, an Alaska Pioneer or Veterans Home, or in a public or private institution for mental disease.

Representative Wilson reiterated her prior comment and was in support of funds going to program recipients.

[1:49:11 PM](#)

Representative Costello spoke in support of the legislation. She recalled when a prior iteration of the program had been implemented after the longevity bonus had been discontinued due to budgetary reasons. She pointed to page 2 of the Senior Benefits Program Fact Sheet; the number of beneficiaries was 4,000 in Anchorage and 10,954 statewide. She referred to the annual gross income limit of \$10,935 for the \$250 benefit. She believed the numbers were amazing and that the program was very important. She opined that because the state was in a difficult budgetary

situation it was important to send the message that the state was committed to the senior population. She was in favor of extending the program out into the time period when state revenues would be more challenged. She spoke about an 83-year-old family friend. She believed that seniors worried about the responsibilities they were placing on younger generations.

Representative Guttenberg imagined that when the legislature debated the continuation of the program during the budget-crunch time that it would be difficult to discontinue it. He believed the program represented one of the backstops the state had for Alaskans. He was sorry when the longevity bonus had been eliminated.

[1:53:03 PM](#)

Representative Edgmon thanked the sponsor for offering the bill. He looked at the three monthly benefit tiers [shown on the Senior Benefits Program Fact Sheet] and guessed that elderly rural beneficiaries fell under the higher monthly payment [\$250]. He surmised that similar to the Low Income Heating Assistance Program that the per capita amount of the benefits was slightly higher going to the bush. He knew that the \$250 went a long way for many elders in his district. He appreciated the bill.

Representative Hawker respected and understood the earlier point raised by Co-Chair Austerman. He spoke to the uncertainty of the current budget and about the optimal fiscal times of the past ten years. He acknowledged that the state was entering a period of fiscal uncertainty; but he believed the program should be extended six years instead of three because it was a matter of communicating the legislature's priority. The program amounted to \$20 million. He stressed that extending the program for six years provided extra assurance to individuals that it would not be competing for funds with other programs during that period of time. He questioned whether it was a higher priority to provide a stipend for seniors or a stipend for film subsidies; he landed on the side of seniors. He wanted the legislature to make the greatest possible statement of policy that it supported the small stipend for the lowest income segment of the state's senior population.

[1:57:33 PM](#)

Representative Guttenberg thanked the department for the helpfulness of the Senior Benefits Program Fact Sheet.

Co-Chair Austerman believed he and the sponsor shared the same goal, but had different ideas about the appropriate timeline. He discussed the governor's proposed cuts of \$30 million to agency operations. He stressed that the senior benefits program was not on the chopping block. He could see three years into the future but it was difficult to know how the state's fiscal environment would look beyond that time. He believed a three-year extension was appropriate.

Representative Wilson appreciated the bill, but believed seniors recognized that the state was experiencing a challenging budgetary environment. She did not believe reducing the sunset to three years communicated that seniors were not a top priority. She mentioned K-12 education as another top priority. She believed it was hard to decide between extending the sunset for three or six years; however, she believed a three-year extension was appropriate given the current fiscal climate.

Representative Edgmon remarked that there was more than one way to look at the issue. He pointed out that seniors were the fastest growing sector in the state's population. He spoke to their value to the state and to the value of the program. He believed a six-year extension would keep the program off of the chopping block. He supported maintaining the current bill language.

[2:01:29 PM](#)

Representative Hawker explained that three years earlier the program had been extended for three years. He shared that the amount of senior benefits had not been changed. He detailed that the Senate had added four sections that had increased the personal needs allowance for individuals residing in long-term care facilities (including nursing homes, Pioneer Homes, and Veteran Homes) to \$200 per month. The residents had been ineligible for senior benefits; therefore, the change provided them with the \$200 per month stipend.

Representative Munoz referenced the Senior Benefits Program Fact Sheet. She wondered how the provision determining that program eligibility did not look at asset ownership had

been established. Representative Hawker answered that the decision had been a policy call when the original legislation had passed. He explained that the legislature had decided to format the program as a current income-based program. The legislature had determined that it did not want savings to count against the program. He detailed that factoring in assets involved many judgment calls that he had wanted to avoid (e.g. house size, geographical location, and other). He added that the assumption that a person with substantial liquid monetary assets would have substantial liquid income had been contemplated when deciding to make the program income-based.

[2:05:01 PM](#)

Representative Costello asked what percentage of the recipients were WWII veterans. Representative Hawker responded that he did not know. He thought the department may have detail on the question. He relayed that the average age of a recipient was 75 and the maximum age was 103. The sector included the age group that was passing away the quickest.

Co-Chair Stoltze made a personal comment related to a family member.

Representative Costello shared that her father had served in WWII. She surmised that seniors who had served in WWII represented around the median age of seniors benefitting from the program.

[2:06:43 PM](#)

Representative Hawker spoke to a statistical analysis the department had prepared at his request (he would provide the document to the committee). He shared that 49 percent of the beneficiaries were 80 years of age or older; 35 percent were under 75; and individuals between the ages of 75 and 79 accounted for approximately 25 percent. He surmised that the most common age was between 75 and 79; however, the program was heavily skewed to individuals over the age of 80.

Co-Chair Stoltze CLOSED public testimony.

Co-Chair Austerman appreciated that the sponsor had introduced the bill in 2007. He MOVED to AMEND the bill to

reduce the extension from six years down to three years; the date 2021 would be replaced with 2018.

Representative Gara OBJECTED.

Co-Chair Stoltze deferred to the co-chair on the issue.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Wilson, Stoltze, Austerman

OPPOSED: Guttenberg, Holmes, Munoz, Costello, Edgmon, Gara

The MOTION FAILED (4/6).

Representative Costello discussed the fiscal note from the Department of Health and Social Services. The note included six full-time positions and had a fiscal impact of \$23,090,500 in FY 15, \$25,018,700 in FY 16, \$25,700,400 in FY 17, \$26,402,400 in FY 18, \$27,125,500 in FY 19, and \$27,870,400 in FY 20.

Representative Hawker communicated that the six positions were a continuance of the personnel currently employed by the program. He noted that the numbers in the fiscal note were an estimate by the agency.

Representative Costello moved the MOVED to REPORT CSHB 263(HSS) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION CSHB 263(HSS) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (HSS).

Representative Hawker appreciated the committee's attention to the bill. He observed that the issue raised by Co-Chair Austerman was legitimate and would be a concern addressed by the legislature on many issues.

[2:13:44 PM](#)

AT EASE

[2:17:00 PM](#)

RECONVENED

#hb211

HOUSE BILL NO. 211

"An Act relating to the education and employment of individuals with disabilities."

2:17:20 PM

Representative Costello moved the House Labor and Commerce Committee bill version before the committee.

VASILIOS GIALOPSOS, STAFF, REPRESENTATIVE CHARISSE MILLET, relayed that the bill would make Alaska an Employment First state. He explained that goal for departmental and agency levels dealing with disabled individuals would be to work towards a primary objective of gainful employment. He detailed that more than 25 other states had adopted similar legislation recognizing the problem of expanding Medicaid and healthcare costs and the underrepresentation of disabled individuals in the workforce who were without the appropriate tools. Additionally, the bill addressed whether the desired outcome was currently met with the funds spent on individuals with disabilities.

Mr. Gialopsos communicated that the bill would implement an external body that would collect silos of data to be vested in the Alaska Mental Health Trust Authority. The data would work towards determining whether departments and agencies were currently producing the preferred outcomes; whether individuals receiving benefits were getting the requisite training, and whether benefits were enabling recipients to reach the desired outcome. Additionally, the bill language worked to prevent individuals with a disability from feeling that their disability kept them from being a gainful member of society. Gainful employment enriched individuals' lives, enabled them to increase their net worth, and reduced healthcare costs. He stated that individuals statistically led healthier lives, were psychologically much happier, and that the broader society benefitted from the contributions as well.

Mr. Gialopsos provided a sectional analysis of the bill (copy on file). Sections 1 through 5 required departments working with disabled individuals to ensure the primary objective of gainful employment. Sections 1 and 2 dealt with the Department of Education and Early Development; Sections 3 and 4 dealt with the Department of Labor and Workforce Development (DLWD), Division of Vocational Rehabilitation; and Section 5 dealt with the Department of

Health and Social Services. He discussed an oversight in Section 2; the section dealt with a requirement related to transition services. He detailed that transition services pertained to children with disabilities over the age of 15 who had an Individualized Education Plan (IEP). The original bill language aimed to ensure that as part of the transition services that school districts make it a primary objective to help the students become gainfully employed. The language had inadvertently precluded the potential for any postsecondary education. He believed a change should be made to fix the error.

2:22:55 PM

RICHARD SANDERS, PROGRAM COORDINATOR, GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION (via teleconference), was available for questions. He relayed that the bill was a priority of the council's. He shared that he worked on employment programs including the Alaska Integrated Employment Initiative. He had previously worked on the Disability Employment Initiative with DLWD over the past three years. He agreed that the initiative was seeking employment outcomes for individuals with disabilities.

Co-Chair Stoltze remarked that Representative Millet had read song lyrics by Rich Sanders' father on the House floor during an earthquake resolution. He explained that Don Sanders was a former educator, gold miner, and musician. He asked Mr. Sanders if his parents were from Seward, Alaska. Mr. Sanders replied in the affirmative.

2:26:12 PM

CATHERINE BABUSCIO, MAT-SU REGIONAL MEDICAL CENTER, PALMER (via teleconference), testified in support of the bill. She spoke to a program called Project Search, which was a collaboration with the Mat-Su Borough School District, the Governor's Council on Disabilities, and the Division of Vocational Rehabilitation. She detailed that the business-led vocational program was for adult students aged 18 to 22 who experience disabilities. The ultimate program goal was securing employment within the community. Students experienced full emersion at the hospital worksites and had three 10-week rotations; students were then placed based on their skills and experience. There had been three successful program completions since 2011; all students who completed the program had achieved employment. The average

wage of those employed was greater than \$13 per hour. She communicated that the medical center had employed 20 percent of the program's participants; the individuals apply competitively and were currently successful members of the workforce. She elaborated that the program had greatly benefitted the organization by measurable increased employee satisfaction and dedicated skilled workers.

Co-Chair Stoltze commented on the great employees at the medical center. He was impressed by the employees' strong work ethic and the pride they took in their jobs. He had been pleased to see the medical center featured in an educational and promotional video.

[2:29:35 PM](#)

ART DELAUNE, GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION, FAIRBANKS (via teleconference), spoke in support of the bill. He shared that his son had Fetal Alcohol Syndrome and other mental health issues. He discussed his son's personal story related to high school and graduation. He detailed that his son had worked with the Division of Vocational Rehabilitation to find a career path, but he had not been satisfied with the job options that had been suggested. Subsequently, his son had become involved with Project Discovery where a division counselor and employment specialist worked to determine a person's skills, desires, and how they would fit into the community. His son had voiced interest in working as a meat cutter; the program had enabled him to work as an apprentice meat cutter at the local Fred Meyer. His son was integrated in a workplace with people without disabilities and was making the same wage as others at his skill level. He shared that his son's self-esteem had grown tremendously. His son was currently receiving state Medicaid benefits; he was hoping to get on his own insurance in the future. He pointed to his son's experience as proof of success and spoke in strong support of the legislation.

[2:33:44 PM](#)

MILLIE RYAN, EXECUTIVE DIRECTOR, REACH, INC., testified in support of the legislation.

Research tells us that vocational rehabilitation funded supported employment services for individuals with severe disabilities is cost-effective regardless

of the type or severity of disability. In 2009, Dr. Robert Cimera from Kent State University determined the average benefit cost-ratio across 17 states was 1.46. He also found that when supported employment agencies like REACH had financial incentives to reduce paid job coach support and use the natural supports of the business supervisor and coworkers that their average cost decreased by 57.6 percent. Data across 42 states including Alaska, that establish Medicaid buy-in programs currently shows that buy-in enrollees earn more money, work more hours, contribute more in taxes, and rely less on Medicaid than people with disabilities on regular Medicaid. Mathematica policy research prepared an expenditure report on buy-in enrollees in 2005 and 2006. In Alaska average annual Medicaid expenditures for buy-in enrollees was \$15,288 compared to \$23,865 for individuals who were not enrolled in the buy-in, which represents a significant decrease in expenditures. In summary, House Bill 211 not only makes sense for Alaskans with disabilities, it also makes sense for the State of Alaska.

[2:36:30 PM](#)

Co-Chair Austerman CLOSED public testimony.

[2:36:57 PM](#)

AT EASE

[2:37:40 PM](#)

RECONVENED

Co-Chair Austerman MOVED to ADOPT corrected Amendment 1 (offered by Co-Chair Stoltze by request):

Page 1, Line 15

Following "disabilities" remove "."

Following "disabilities" insert ", or become enrolled in post-secondary education."

Representative Holmes OBJECTED for discussion.

Mr. Gialopsos relayed that the proposed amendment would modify Section 2, page 1, line 15 by adding that for transition services, a school district's primary objective and preferred outcome is not just to help a student become gainfully employed in an integrated workplace alongside

individuals without disabilities, but also to become enrolled in postsecondary education if the individual so desired. He explained that if an individual with an IEP was able to enroll in a postsecondary course of any kind, transition services should not dissuade them from furthering their educational opportunities.

Representative Holmes WITHDREW her OBJECTION. There being NO further OBJECTION, corrected Amendment 1 was ADOPTED.

Representative Gara pointed to the absence of a fiscal impact note and wondered if the department was currently providing similar services offered under the legislation.

2:40:15 PM

LES MORSE, DEPUTY COMMISSIONER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, answered that the bill used data that was currently collected by the department and did not create an additional burden for the department's workload. He relayed that the only extra effort involved the transfer of data the department currently collected to another agency.

Representative Gara asked about potential costs associated with teaching people with disabilities skills to work alongside people without disabilities. He wondered if the training was currently taking place. Mr. Morse answered that under current law students in the age range (age 15 or 16 and up) were required to have a transition plan for employment or postsecondary education. He believed with the collection of the data there may be more effort put into the work. He noted that significant work was currently put into IEPs.

Representative Costello addressed the four zero fiscal notes including three previously published notes from the Department of Administration, the Department of Health and Social Services, and the Department of Labor and Workforce Development, and one new note from the Department of Education and Early Development.

Representative Costello MOVED to REPORT CSHB 211(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION CSHB 211(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Education and Early Development and three previously published zero fiscal notes: FN1 (ADM); FN2 (DHS); FN3 (LWF).

Co-Chair Austerman discussed the schedule for the following day.

#

ADJOURNMENT

2:44:02 PM

The meeting was adjourned at 2:44 p.m.