

HB

365

HOUSE COMMITTEE REPORT

~~FILE~~
FILE

(11)

Date Referred: February 22, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/22/90

The FINANCE Committee considered:

HB 365

HOUSE BILL NO. 365

PFD CHECKOFF FOR ALC/DRUG ABUSE GRANTS

"An Act relating to the alcohol and drug abuse grant fund and contributions to the fund; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with CS HB 365 (HFS) [] the same title
- [] a new title
- [] have attached amendment(s)
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact REV
- [] zero fiscal note HFS
- [] zero with analysis _____

- [] fiscal note(s) _____
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not Pass
No Rec
Amend

Ronald J. Larson LARSON

Steve Rieger RIEGER

Bob Brown BROWN

John Kepner KEPNER

Al Ulmer ULMER

Dan Barnes BARNES

Bob Phillips PHILLIPS

Kay Wallis WALLIS

	Do Not Pass	No Rec	Amend
<u>Dick Shultz</u> Shultz	<input checked="" type="checkbox"/>		
<u>Steve Rieger</u> Rieger	<input checked="" type="checkbox"/>		

Ronald J. Larson
Chairman's Signature

FISCAL NOTE

REQUEST

Revision Date: February 20, 1990
Title: Alcohol and drug abuse grant fund and contributions to the fund
Sponsor: ULMER, Boyer, Ellis, et al
Requestor: House State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	24.1	11.9	11.9	11.9	11.9	11.9
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	0.2	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	29.3	17.1	17.1	17.1	17.1	17.1
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	29.3	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	17.1	17.1	17.1	17.1	17.1
TOTAL	29.3	17.1	17.1	17.1	17.1	17.1

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	3	2	2	2	2	2
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: See attached.

Prepared By: Ervin Jones
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: February 20, 1990

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 2/20/90

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Adopted

1
Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
CS HB 365 (HESS)
February 20, 1990

Assumptions:

1. The bill will take effect for the 1991 permanent fund dividend year and application. It is too late to amend the 1990 dividend application.
2. There are other bills which if signed into law, would result in some form of "check-off" on the 1991 dividend application. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
3. Income from the account will not be available until FY92, and a general fund appropriation will be required in FY91. The costs of administering this law will be borne by the trust fund in FY92 and subsequent years.
4. The incremental cost of computer resources will result in a chargeback by the Department of Administration.
5. Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, and data processing chargeback will be continuing.
6. Contributions will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions and elections will then be honored in the order listed on the form schedule, which will be in the order they become law.
7. The check-off will apply to both adult and child applications.

Program Summary:

The provision of a new contribution decision on the dividend application will cause additional administrative cost in several areas:

- a) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the alcohol and drug abuse grant fund (see Attachment A).
- b) Each of approximately 525,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

Department of Revenue
 Permanent Fund Dividend Division
 Fiscal Note Analysis
 CS HB 365 (HESS)
 February 20, 1990

1. Positions

	<u>FY 90</u>	<u>FY 91</u>
1 PPT Analyst/Programmer V, R21 @ \$6,110.86/Mo including salary and benefits for 2 months	= \$12.2	

PCN 04-1125 would be funded for an additional two months, in accordance with Attachment A. Ongoing maintenance of new programs would be accomplished by existing staff.

1 PPT Document Processor I, R7 @ \$2,340.37/Mo, including salary and benefits for 3 months	=	\$7.0	\$7.0
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This position would assist in the manual review and coding of 525,000 applications for the new contribution decision. This position represents the equivalent of the additional time and effort.

1 PPT Data Processing Clerk I, R8, @ \$2,446.08/Mo, including salary and benefits for 2 months	=	\$4.9	\$4.9
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This position would assist in the data capture of the additional contribution decision. The position represents the equivalent value of the additional time and effort.

TOTAL Personal Services	\$24.1	\$11.9
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2. Other Expenditures:

a) <u>Travel:</u>	\$0.0	\$0.0
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b) Contractual:		
Data Processing Chargeback	\$5.0	\$5.0

c) Supplies:	\$0.2	\$0.2
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d) Equipment: Use existing equipment	<u>\$0.0</u>	<u>\$0.0</u>
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TOTAL COST	<u>\$29.3</u>	<u>\$17.1</u>
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Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
CS HB 365 (HESS)
February 20, 1990

3. Funding: General Fund in FY91, thereafter from the special dividend contribution account.
4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: None.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
CS HB 365 (HESS)
Summary of Data Processing Requirements
February 20, 1990

Wang data entry processing	75.0 hours
Includes: Data entry	
Batch lists	
Corrections	
Wang to IBM transfer	
IBM Update jobs	30.0 hours
Includes: Edits	
Batch listings	
Log sheets	
DMS Online programs for lookup and changes	37.5 hours
Nightly Update of Changes	22.5 hours
Warrant Jobs	90.0 hours
Includes: Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing. Create new program(s) for transferring accumulated decisions to the alcohol and drug abuse grant fund, and to account for the reserve necessary due to returned and cancelled PFD warrants.	
Miscellaneous	
45.0 hours	
Includes: Setting up test files on IBM Systems testing Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.	
TOTAL HOURS	300.0 hours

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to the alcohol and drug abuse grant fund."
Sponsor: Ulmer
Requestor: _____

Agency Affected: Health & Social Services
BRU: Alcohol & Drug Abuse Services
Components: Grants

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

The FY 90 fiscal impact is zero.

Prepared by: Matthew C. Felix *Matthew C. Felix* Phone: 586-6201
Division: Alcoholism & Drug Abuse Date: 1/23/90
Approved by Commissioner: Mike Minnison *Mike Minnison* Date: 1/24/90
Agency: Health & Social Services

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Adopted

Original sponsor(s): REP. ULMER, Boyer, Ellis, Brown, Menard, Finkelstein,
Gruenberg, Koponen

1 IN THE HOUSE BY THE HESS COMMITTEE

2 CS FOR HOUSE BILL NO. 365 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the alcohol and drug abuse grant
7 fund and contributions to the fund; and providing for
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 43.23 is amended by adding a new section to read:

11 Sec. 43.23.016. CONTRIBUTIONS FROM DIVIDENDS. The department
12 shall prepare the permanent fund dividend application to allow an
13 applicant or person applying on behalf of a minor or incompetent
14 individual to elect to have \$10 subtracted from the dividend check and
15 contributed to the alcohol and drug abuse grant fund (AS 47.37.055).
16 Contributions shall be deposited in a special dividend contribution
17 account and allocated by the department to the alcohol and drug abuse
18 grant fund, except that the department shall use money in the account
19 to pay administrative costs incurred by the department under this
20 section.

21 * Sec. 2. AS 47.37 is amended by adding a new section to read:

22 Sec. 47.37.055. ALCOHOL AND DRUG ABUSE GRANT FUND. (a) There
23 is established in the department the alcohol and drug abuse grant
24 fund, which shall be administered by the office. The fund consists of
25 money appropriated to it and donations, gifts, and grants received by
26 it. The fund may be used by the office only to make grants for alco-
27 hol and drug abuse prevention or treatment programs approved by the
28 office and for costs of administering the grant fund. Priority in the
29 award of grants shall be given to programs aimed at youth.

1 (b) The department shall by regulation establish grant eligibil-
2 ity requirements and grant application procedures.
3 * Sec. 3. This Act takes effect January 1, 1991.

Alaska State Legislature

HOUSE OF REPRESENTATIVES



REPRESENTATIVE FRAN ULMER

MEMORANDUM

March 20, 1990

TO: Rep. Ron Larson, Co-Chair
Rep. Lyman Hoffman, Co-Chair

FROM: Rep. Fran Ulmer

RE: CSHB 365, relating to voluntary contributions to the alcohol and drug abuse grant fund

CSHB 365 authorizes a Permanent Fund Dividend checkoff for substance abuse programs in Alaska. Specifically, it allows a dividend applicant the option of authorizing \$10 to be subtracted from the dividend check and deposited to a special alcoholism and drug abuse fund which will be administered by the State Office of Alcoholism and Drug Abuse.

The checkoff is entirely voluntary. Those who do not wish to participate will see no effect on their dividend check.

Over the course of the four years the Olympic checkoff appeared on the PFD application, the Olympic Committee realized an average of \$750,000 per year. The total amount contributed to the Olympics through the PFD checkoff, from 10/1/86 to 1/17/90 is \$2.817 million. I believe the high level of concern expressed by Alaskans regarding the incidence of drug and alcohol abuse we experience in our communities will result in a considerably higher contribution rate than the Olympic checkoff received. An additional million dollars would go a long way towards increasing local efforts to treat and prevent substance abuse.

The bill has been drafted to give first priority to programs for youth. The greatest financial and social returns clearly result from those strategies which alleviate drug and alcohol problems before they become severe.

Administrative costs associated with the checkoff will be borne by the new program.

District 4B — Juneau

P.O. Box V • Juneau, Alaska 99811-3100 • (907) 465-4947

POSITION PAPER

HOUSE BILL NO. 365

"An Act relating to the alcohol and drug abuse grant fund and contributions to the fund; and providing for an effective date."

Analysis

Section 1. of the Bill would have the Department of Revenue change the permanent fund dividend application form to allow an applicant to have \$10.00 subtracted from their dividend and contributed to the alcohol and drug abuse grant fund. Contributions, less an administrative fee, would be deposited in a special dividend contribution account.

Section 2. would establish a grant fund within the Department of Health and Social Service that would be administered by the Office of Alcoholism and Drug Abuse. In awarding grants the Office should place priority on programs aimed at youth. By regulation the Department is to develop eligibility requirements and application procedures.

Section 3. establishes the effective date of this legislation as January 1, 1991.

Discussion

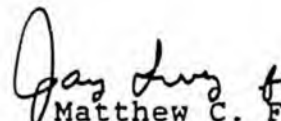
The need for additional financial resources for alcohol and drug abuse prevention and treatment services is well documented. In FY 90 grant application requests from community based organizations exceeded the amount of available funding by more than \$6,000,000. Several geographical areas of the state are unable to offer residents as comprehensive array of services as they feel are necessary due to lack of funding. Salaries in the alcohol and drug abuse grant-in-aid program are quite low according to a House Research Agency study that was conducted last year. With various budget cuts in recent years due to declining oil prices, many grant-in-aid programs are operating with less state funding now than they had available in FY 83. Of course this has resulted in fewer services being provided.

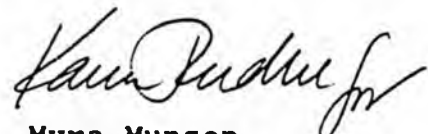
Sufficient resources for alcohol and drug abuse services are a problem in other states as well, and they too have sought new and innovative methods of raising the funding level. Florida, for example, recently instituted a .50 cent a day special charge on all automobile rentals to raise money for their

alcohol and drug programs. California is currently considering a .05 cents a drink tax on alcoholic beverages for the same purpose.

Position

The Department of Health and Social Services recognizes that abuse of alcohol and drugs is one of the most serious problems facing Alaska and that addressing problems associated with this abuse will require additional State resources. HB 365 offers a way to generate these funds. However, the Department defers to other agencies regarding the cost of implementing a permanent fund checkoff for this purpose.


Matthew C. Felix
Coordinator


Myra Munson
Commissioner

Mr. Donald Dapcevich
P.O. Box 021571
Juneau, Ak 99802

January 31, 1990

The Honorable Fran Ulmer
House of Representatives
State of Alaska
P.O. Box V
Juneau, Ak 99811

Dear Representative Ulmer:

First I would like to commend you and your staff for your willingness to tackle alcohol and other drug abuse among Alaskans. House Bill 365 offers real hope for large numbers of Alaskan youth who are suffering from the devastating effects of chemical dependence.

I congratulate your insight in dedicating the funds from this revenue source to the treatment of adolescents suffering from chemical dependence. Currently hundreds of thousands of dollars from both federal and state resources are dedicated to prevention and education programs for youth. In the current legislature I understand that the democratic majority is introducing legislation that will dedicate more prevention/education monies, and without a doubt more is needed.

The problems with securing funds for adolescent treatment is a very complex one. At the core of resistance to dedicating funds for adolescent treatment is an unwillingness to accept chemical dependence as an adolescent problem. Many adults have real problems accepting the possibility of a 16 year old being an alcoholic or an addict. Most people feel that alcoholics are people over fifty who stand on our street corners drinking cheap wine. Those of us in the profession who have embraced the disease concept, understand that the age of the user of drugs and alcohol is only one of many factors of the disease and lately we are seeing more and more full-blown addicts among 14-18 year olds.

We have also learned that prevention/education programs, while helpful, should not have all of our attention any more than should prevention without adequate treatment programs for diabetes or heart disease patients.

Please do not succumb to the pressure to change this bill from treatment oriented to prevention/education oriented measure.

Sincerely,


Don Dapcevich