

**HB**

**365**

**HOUSE COMMITTEE ON STATE AFFAIRS**

**RECAP OF  
HB 365**

*PFD Checkoff for Alc/Drug Abuse Grants*

Received February 7, 1990  
by Reps. Ulmer, Boyer, Ellis, Brown, Menard,  
Finkelstein, Gruenberg, Koponen

Heard February 21, 1990

Adopted CSHB 365 (HESS) February 21, 1990

Passed Out of Committee February 21, 1990  
3 Do Pass  
1 No Recommendation

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# HOUSE COMMITTEE REPORT

(7)

Date Referred: February 7, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: \_\_\_\_\_

The STATE AFFAIRS 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 (HESS)  the same title
- have attached amendment(s)  a new title
- 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 \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) 2/7/90 • Revenue
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:  
(Check approp. column)

Do Not Pass No Rec Amend

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SIGNING	Do Not Pass	No Rec	Amend
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Chairman's Signature

Offered: 2/7/90  
Referred: State Affairs, and Finance

6-1652J

UNDEQUANTIFIED COMMUNITIES / NON-PROFIT  
① A LOT OF ENTITIES WOULD BE SUITABLE.  
② VOUCHER ACCOUNT ABUSE MAJOR PROGRAM/HEALTH RELATED  
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.

Item 2

FISCAL NOTE

REQUEST

Revision Date: \_\_\_\_\_  
Title: Alcohol and drug abuse grant fund and contributions to the fund  
Sponsor: ULMER, Bover, Ellis, et al  
Requestor: House HESS

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
<b>OPERATING</b>						
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-
<b>TOTAL OPERATING</b>	<b>29.3</b>	<b>17.1</b>	<b>17.1</b>	<b>17.1</b>	<b>17.1</b>	<b>17.1</b>
<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>REVENUE</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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
<b>TOTAL</b>	<b>29.3</b>	<b>17.1</b>	<b>17.1</b>	<b>17.1</b>	<b>17.1</b>	<b>17.1</b>

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: January 24, 1990

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: Jan 24, 1990

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

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
HB 365  
January 24, 1990

No. 1  
CSHB 365 (HESS)  
HOUSE 2/7/90

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) The Olympic check-off will be repealed effective December 31, 1989 by passage of SB 102.
- 6) 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.
- 7) 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.
- 8) 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  
 HB 365  
 January 24, 1990

No. 1  
 CSHB 365(HESS)  
 HOUSE 2/7/90

1. Positions

	FY 90	FY 91
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		\$0.0	\$0.0
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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  
HB 365  
January 24, 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:

- 1a. Section 1, line 13 could be amended to read, ". . . applicant or the sponsor of a child applicant to elect to have \$10 subtracted from the dividend check and . . ."
- 1b. Alternatively, a sentence could be added to Section 1 to read, "This contribution shall not be allowed on children's applications."

Discussion: There have been concerns raised in the last few months as to the legislature's intent regarding parents contributing \$10 of their children's permanent fund dividends towards any purpose. This intent could be clarified by a choice of one of the above amendments.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
HB 365  
Summary of Data Processing Requirements  
January 24, 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

# Alaska State Legislature

## HOUSE OF REPRESENTATIVES



### REPRESENTATIVE FRAN ULMER

#### MEMORANDUM

February 8, 1990

TO: Rep. Red Boucher, Chairman  
House State Affairs Committee

FROM: Rep. Fran Ulmer

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

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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 99801-3100 • (907) 465-4947

Item 4

210 checkoff / TX - prevention  
allow people error their concern

POSITION PAPER/Department of Health & Social Services

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

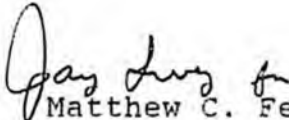
The need for additional financial resources for alcohol and drug abuse prevention and treatment services is well documented. In FY 90 grant application requests from community based organizations exceeded the amount of available funding by more than \$6,000,000. Several geographical areas of the state 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.

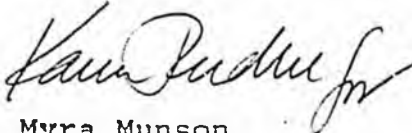
Sufficient resources for alcohol and drug abuse services are a problem in other states as well, and they too have sought new and innovative methods of raising the funding level. Florida, for example, recently instituted a .50 cent a day special charge on all automobile rentals to raise money for their

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 Dapceвич  
P.O. Box 021571  
Juneau, Ak 99802

bill 365

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 Dapceвич

# HOUSE COMMITTEE REPORT

Item 6

(7)

Date Referred: January 8, 1990

FURTHER REFERRALS: STATE AFFAIRS  
FINANCE

Date of Committee Action: 2/6/90

The HEALTH, EDUCATION, & SOCIAL SERVICES 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 (HESS)  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 DOR
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

[Signature]

[Signature]

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SIGNING:  
(Check approp. column)

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[Signature]  
Chairman's Signature