

H B

2 6 3

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB 263 (Fin)

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An act relating to human services community matching grants BRU: Anch. & Fbx. Social Services Block Grants
 Component: Anchorage Social Services Block Grant
 Sponsor: Boyer, Ellis, Gruenburg, Kaponen, Ulmer, Fairbanks Social Services Block Grant
 Requestor: House Barnes, Sharp COMPONENT SERIAL NO. 0286 and 0287

Expenditures/Revenues (Thousands of Dollars)

	FY93	FY94	FY95	FY96	FY97	FY98
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	<199.4>	<398.8>	<398.8>	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	0.0	<199.4>	<398.8>	<398.8>	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

	FY93	FY94	FY95	FY96	FY97	FY98
GENERAL FUND	0.0	<199.4>	<398.8>	<398.8>	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	<199.4>	<398.8>	<398.8>	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary)

Per CSHB 263 (Fin), the Anchorage and Fairbanks Social Services Block Grants are to be converted to 50 percent matching grants. Implementation of the 50 percent match reductions will begin to occur in FY94, with a 10% reduction, and continue in FY95 and FY96 with a 20 percent reduction in each year, resulting in 30 percent and 50 percent in each year respectively. The expenditure figures shown above assumes a FY93 base of \$1,993.7. No program impact on state services is expected assuming the municipalities apply and qualify.

Prepared by: Deborah R. Wing, Director *Bh*
 Division: Family and Youth Services

Phone: 465-3191
 Date: April 7, 1992

Approved by Commissioner: Theodore A. Mala
 Agency: Department of Health and Social Services

Date: 4-7-92

Distribution (by preparer):

- Legislative Finance OMB
- Legislative Sponsor Impacted Agency(ies)
- Requestor

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE CHAIRMAN
HOUSE FINANCE COMMITTEE

FAIRBANKS


1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

House of Representatives

To: Senator Arlis Sturgulewski, Chair
Senate Health, Education and Social Services Committee

From: Representative Mark Boyer 

Date: April 21, 1992

Subject: HB 263, "An Act relating to human services community matching grants"

I am requesting that HB 263, "An act relating to human services community matching grants" be scheduled for a hearing by the Senate Health, Education, and Social Services Committee pending referral by the Community and Regional Affairs Committee. The bill is scheduled for a Senate C&RA hearing Thursday, April 23.

The Anchorage and Fairbanks Health and Social Services Block Grants have been included in the Department of Health and Social Services budget for many years. However, primarily because these grants have no statutory base and require no local matching appropriation they remain easy targets for veto. This bill establishes a statutory basis for the grants and includes a community match requirement, beginning at 10 percent and increasing to 30 percent the second year and 50 percent the third and subsequent years. I believe the statutory recognition and the match requirement will allow the grants to receive the funding stability they need.

Anchorage and Fairbanks social services block grants have been included in the budget for many years. The Governor's proposed budget for FY 93 provides \$306,000 for Fairbanks and \$1,686,740 for Anchorage block grants.

The bill passed the House unanimously and has the support of the Anchorage and Fairbanks health and social services commissions.

Thank you for your consideration.

FAIRBANKS 20B

POSITION PAPER
COMMITTEE SUBSTITUTE FOR HOUSE BILL 263 (FIN)

"An Act relating to human services community matching grants; and providing for an effective date."

The Department of Health and Social Services generally supports House Bill 263.

House Bill 263 creates a new community matching grant program to provide local social services in the two largest communities in Alaska. This program replaces the Anchorage and Fairbanks Social Services Block Grants which have been part of the Department of Health and Social Services budget for several years.

Creation of a local matching grant program is in keeping with the Governor's goal of reducing dependence on the State budget for services. A statutory basis for these programs will provide some certainty of funding while showing a clear State commitment for needed social programs. Using the block grant concept, as well as requiring local match, should also strengthen local involvement and commitment to these services as State dollars continue to decline. Reducing the State general fund share down to 50/50 match is consistent with both the administration's goal for community match and declining State resources.

1. The expenditure figures used for the fiscal note assume a FY93 base of \$1,993.7 with a 10% decline in FY94 <199.4>, another 20% in FY95 <398.8> with a final 20% reduction <398.8> in FY96 when the 50% match rate is achieved.
2. Changes in the amount authorized in FY93 for the Anchorage and Fairbanks Social Services Block Grant could impact the fiscal note.

Prepared by Janet Clarke 4/23/92
Janet Clarke, Director
Division of Administrative Services

Approved by Theodore A. Mala 4/23/92
Theodore A. Mala, MD, MPH, Commissioner
Department of Health and Social Services

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

WALTER J. HICKEL, GOVERNOR

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3601
FAX: (907) 463-5295

April 1, 1991

The Honorable Walter J. Hickel
Governor
State of Alaska
P. O. Box AA
Juneau, Alaska 99811

RE: HCS CSSSSB 41(FIN) am H
Our file: 883-91-0002

Dear Governor Hickel:

At the request of your legislative liaison, Bruce Kendall, we have reviewed HCS CSSSSB 41(FIN) am H, titled "An Act making appropriations to the Department of Transportation and Public Facilities for maintenance of class 3 roads and other purposes; amending certain appropriations; making appropriations; and providing for an effective date."

Contrary to the title of this bill, its main purpose is to supplement fiscal year 1991 appropriations for agency operations. See, Sec. 38 of the bill (appropriations lapse June 30, 1991). The title minimally satisfies the descriptive title rule of the Alaska Constitution, which provides: "[t]he subject of each bill shall be expressed in the title." Alaska Const. Art. II, Sec. 13. The general reference to the fact that the bill is "making appropriations" provides scant notice to legislators and the public as to the contents of the bill. However, appropriation bills are not limited by the single subject rule, which requires all non-appropriations bills to be confined to a single subject. Alaska Const. Art. II, Sec. 13. It is for this reason that we conclude that the title satisfies the descriptive title rule.

Section 8(b) of the bill makes an appropriation from the permanent fund dividend fund to reimburse the general fund for amounts expended to maintain public assistance benefits to permanent fund dividend recipients. The section refers to the "unlapsed" general fund appropriation initially made for this purpose. It would be more correct to have referred to the amount

expended or obligated from the general fund appropriation. It is doubtful that "unlapsed" is a word having an established legal meaning.

Sections 9 and 10 of the bill make appropriations for the "Fairbanks block grant program" and the "Anchorage block grant program." These "programs" are not established in permanent law. However, for a number of years amounts have been appropriated for these purposes to the same recipients. Former Governor Cowper vetoed the fiscal year 1991 appropriations and then allocated reduced amounts for these purposes from the general relief assistance budget request unit of the state operating budget. The legal problem with these grants is the lack of accountability to the executive branch of government. The legislature effectively removes executive branch agencies from grant administration. The necessary elements for a rational grant program -- eligibility criteria, accounting or other fiscal safeguards, and appeal procedures -- are not established in state law. Perhaps the municipalities of Anchorage and Fairbanks provide these basic safeguards by ordinance. However, in the absence of these safeguards on the state level, we must question whether the grants are made for a public purpose.

The Alaska Constitution requires that state money be expended only for public purposes. Alaska Const. Art. IX, Sec. 6. To satisfy the public purpose doctrine, the benefit to the public must be the direct and primary purpose of an expenditure. It is permissible if the expenditure also has an indirect private benefit. However, the reverse (direct private benefit with a secondary, indirect public benefit) constitutes a violation of the public purpose doctrine. If these appropriations are left intact, the grantees benefitting from these programs should be carefully reviewed to determine if the expenditures satisfy the public purpose doctrine.

Section 13 of the bill makes an appropriation to the Department of Law from the oil and hazardous substance release response fund (the so-called "470 Fund"), established in AS 46.08.010, for litigation expenses related to the Exxon Valdez oil spill. My office recently sent a letter to Representative Larson (copy attached) that sets out our opinion that 470 Fund money may be used to finance state litigation to recover past and future cleanup costs related to the Exxon Valdez spill. This fund may not be used, however, to finance litigation defending against suits filed against the state by third parties.

We note that sec. 40 of the bill (the effective date clause) contains what appears to be a manifest clerical error. The reference to "sec. 40" in that section should read "sec. 39." The

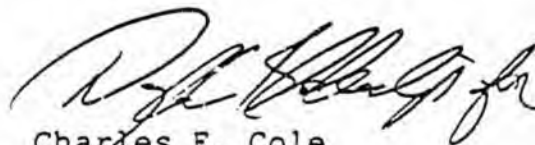
Hon. Walter L. Hickel, Governor
Our file: 883-91-0002

April 1, 1991
Page 3

revisor of statutes has the power under AS 01.05.031(b)(7) to correct such an error prior to printing the Acts of the legislature in permanent form.

There are no other legal issues raised by this bill that warrant your consideration prior to taking action.

Sincerely yours,



Charles E. Cole
Attorney General

CEC:JLB:jr

ARCTIC ALLIANCE FOR PEOPLE

4/8/92

Representative Mark Boyer/Interior Delegation
State Capital Building
Juneau, AK 99801

Dear Mark,

The Arctic Alliance for People would like to express its strong support for House Bill 263, concerning block grants.

These block grant funds are vital to the operation of social service agencies in the Fairbanks area. The dollars designated are multiplied by thousands of hours of volunteer work generated by these agencies. In our view, the loss of these funds would result in substantial increases in spending for government programs.

We appreciate your strong advocacy for this bill, as well as your on-going support of social services in the Fairbanks area.

Sincerely,

G. Verle Peterson
Vice-president, AAP

Mary Kay Brown, ACSW
Co-secretary, AAP

**Municipality
of
Anchorage**



ANCHORAGE ASSEMBLY

REC'D MAR 02 1992

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-4311

Rep Bayer -
FYI

February 26, 1992

Representative Johnny Ellis
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Ellis:

The Anchorage Assembly has requested that I write you expressing our support of Committee substitute for House Bill 263, "An Act relating to human services community matching grants; and providing for an effective date".

As you are aware, the Municipality of Anchorage has been the major advocate and user of the Social Services block grant since its conception through SB 168. Although only Fairbanks and Anchorage have received these funds, they have been used to assist residents from throughout the State when they have been in Anchorage and utilized the services of the many non-profit agencies who are granted the funds.

Anchorage is a very generous and giving community. We have generally exceeded the community goals for the United Way drives and other community giving programs. As I read the qualifying criteria, match money need not be a new cash outlay, but we would be allowed to count the \$6.5 million plus raised in this year's United Way campaign or even other State grants received by the Municipality. In this light, we are very supportive of this bill and its passage.

Sincerely,

Craig Campbell
Craig Campbell, Chairman
Anchorage Municipal Assembly

cc Mayor Tom Fink
Anchorage Municipal Assembly

FAXED

UP
4/7/92

To: Representative Mark Boyer
From: Sally Crawford, Chair Fairbanks HSS Commission

The Fairbanks Health & Social Commission unanimously supports Bill 263 which provides for a health and social services block grant with municipal match.

The block grants are the best use of state monies at the local level since these monies pass directly to local non-profit agencies. These agencies in turn provide services at low cost and with extremely high volunteerism resulting in a very low cost per client served.

Equally important, the block grants prevent the state from incurring the extraordinary costs of adjudication, incarceration or institutionalization. In addition, it especially reduces the burden on state hss agencies, particularly Youth Services, Mental Health and Public Assistance.

In summary, Bill 263 is supported by a broad base of the residents of Fairbanks and the surrounding communities. The current proposed \$306,000 will provide over \$900,000 in services locally and save the state between \$1,500,000 and \$3,000,000 if the state was required to provide for clients served by the block grant currently.

Both the city and borough recognize the need for a local match as a requirement for participation in this program.



Tom Fink,
Mayor

Municipality of Anchorage

Department of Health and Human Services

825 "L" Street
P.O. Box 196650 Anchorage, Alaska 99519-6650



April 7, 1992

Representative Mark Boyer
State Capitol
Juneau, AK 99801-1182

Dear Representative Boyer,

The Municipality of Anchorage Health and Human Services Department fully supports the effort to pass CSHB 263, which would formally establish a human services match program.

The Municipality of Anchorage has been receiving Social Services Block Grant (SSBG) allocations from the state since the early 1980's. Although the state contributions have been useful we never knew from one year to the next how much money we would receive or even if we would receive any money at all. This uncertainty created problems among the non-profit agencies who ultimately depend on this money to run their programs.

By codifying this program in the Alaska State Statues, most of the uncertainty will be eliminated. In addition, the bill provides needed guidance and direction to the program. These regulations will help both the state and the Municipality run the program more smoothly.

One detail which concerns me involves the local match requirement. The people of Anchorage already contribute a substantial amount of money to social services through both governmental and private organizations. The Municipal Department of Health and Human Services has an operating budget (excluding state and federal grants) of over \$10 million, which is primarily derived from taxes. \$461,480 of this went to 32 social service agencies as a "match" to the SSBG.

Many individuals and corporations also contribute to social service agencies through organizations such as the United Way. Last year the Anchorage chapter collected over \$6.42 million, one of the highest rates of giving in the country, and the same 32 agencies received \$2.4 million of these funds. Thus, the people of Anchorage, through the United Way and the local government, provide approximately 63 percent of the agency's funding not including additional funds each agency gathers itself.

Representative Mark Boyer
Page 2
April 7, 1992

Although it appears that the committee substitute would permit this type of match we would like to be assured that this is indeed the case.

In conclusion, non-profit agencies play an important role in the delivery of health and social services in Anchorage. According to a survey conducted in 1987, non-profit agencies provided approximately 14 percent of all health and human services delivered in Anchorage. In some areas, such as emergency shelter and food, non-profits are the only providers of the service.

Utilization of non-profits is an efficient means of delivering needed social services. In most cases, non-profits can provide the service at a substantially lower cost than local or state governments. As an added benefit, non-profits raise millions of dollars in local contributions which would not otherwise be available.

CSHB 263 will help to strengthen the non-profit health and human services system so that it can fulfill its traditional role as a provider of services to the most needy citizens in Anchorage. Strengthening the Anchorage social service system will have positive benefits for the rest of the State as well since approximately 11 percent of the clients served by SSBG agencies are non-Anchorage residents.

Sincerely,



Helen D. Beirne, Ph.D., Director
Municipality of Anchorage
Department of Health and Human Services