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# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER  
FINANCE AND MANAGEMENT SERVICES

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RECEIVED

March 2, 2007

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The Honorable Lyman Hoffman, Co-Chair  
The Honorable Bert Stedman, Co-Chair  
The Honorable Charlie Huggins, Vice-Chair  
Senate Finance Committee  
State Capitol, Room 518, 516 and 119  
Juneau, AK 99801-1182

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Dear Senators Hoffman, Stedman and Huggins:

In response to your inquires on February 27, 2007 at the SB83 Supplemental hearing, please see the responses below:

The first four questions are in reference to the Fairbanks Virology Laboratory.

➤ *How much of the 24.2 million has been expended?*

The funding source for the \$24.2 million appropriated in FY06 was Certificates of Participation. To date nearly \$1 million has been expended. Funds have been expended for the following:

- Selling of Certificates of Participation
- Architectural and Engineering Services
- DOT/PF – ICAP and Project Management
- General Contractor Pre-Construction Services
- UAF Building Permits and Administrative Support

➤ *How much has the department used for administrative purposes?*

The Department has not spent any of the appropriation for administrative costs. DOT/PF administrative costs are allowed as bondable costs. DOT/PF ICAP rate is 2% of the project amount. DHSS intends to expend up to \$200.0 from the full project amount of \$30.7 million to offset the cost of DHSS project administration. This is the only administrative expenses that DHSS will have and it is less than 0.7% of the project.

- *Can the state's virology needs be addressed in Juneau, Anchorage or another city? Can it be done cheaper somewhere else?*

The location for the laboratory was looked at extensively during the planning process. We looked at the cost of expanding the Anchorage Laboratory to accommodate virology, as well as locating the laboratory in Fairbanks off campus. No consideration was given to locating it in Juneau since the Department closed the old Juneau laboratory in the late 1990s to increase efficiencies and decrease operational expenses. The cost for adding on to the Anchorage laboratory would have been comparable to building in Fairbanks. However, the benefits of keeping it in Fairbanks would have been compromised.

The driving factor for keeping the laboratory on the Fairbanks campus was the desire for collaboration between the virology staff and UAF researchers. The UAF West Ridge is becoming the research hub in Alaska. The university is expanding its biomedical research program on infectious diseases and sees strong potential for collaboration with the state-operated virology laboratory. The laboratory would be connected to the Biological Research and Diagnosis facility (BiRD). Also, keeping the laboratory in Fairbanks allows for a level of redundancy in the event of a man-made or natural disaster for both the Anchorage and Fairbanks locations. Following the decision to keep the laboratory in Fairbanks, it only made sense to keep it on campus where it would be most beneficial for staff and research.

- *Who is paying for stainless steel apparatuses? Assume more costs coming, who will pay for these?*

The Department of Health and Social Services is responsible for all costs for construction of the laboratory that will be used by the Division of Public Health. This includes all stainless steel apparatuses including fume hoods, bio-safety cabinets, and other equipment.

- *What are the number of residents and the capacity of the Sitka Pioneer Home?*

The Sitka Pioneer Home (SPH) has 63 residents and 75 licensed beds and as of January.

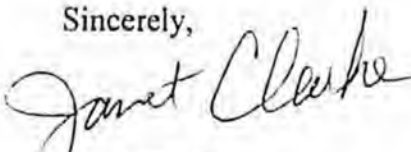
In SFY 07, the SPH had four additional positions (one Registered Nurse and three Certified Nurse Aides) added to their budget and these positions are now filled. Sitka's staff is working at increasing residency. The staff is expected to be able to properly care for 75 residents with the current staffing level.

- *When cost containment was implemented in the interim assistance program, how many people did not qualify for benefits?*

The Division of Public Assistance implemented the in-depth medical review process for Interim Assistance (IA) applicants in September 2003. The Interim Assistance caseload has decreased 56%, from 1,471 IA recipients in August 2003 (the month before the IA medical review process was implemented) to 817 recipients in January 2007.

If you have additional questions regarding this issue, please contact me at 465-1630.

Sincerely,



Janet Clarke  
Assistant Commissioner

cc: Senator Kim Elton, Capitol Building, Room 506  
Senator Donny Olson, Capitol Building, Room 514  
Senator Joe Thomas, Capitol Building, Room 510  
Senator Fred Dyson, Capitol Building, Room 121  
Karleen Jackson, Commissioner  
Anthony Lombardo, Deputy Commissioner  
Bill Hogan, Deputy Commissioner  
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Gary Zepp, Fiscal Analyst, Legislative Finance  
Jay Butler, Director, Division of Public Health  
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Ellie Fitzjarrald, Director, Division of Public Assistance  
Arnold Liebelt, Facilities Chief, Finance and Management Services