

Leg. Finance - House & Senate Finance Comte Files (1973-74) 8879

HB 259, 261, 263, 263am, 265 227



# RECORDS



# CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

# COMMITTEE REPORT

2-23-73

## HOUSE

Mr. Speaker:

Date 3/19/73

The Committee on FINANCE has had HD 259

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	<u>[Signature]</u>	_____
_____	<u>[Signature]</u>	_____
_____	<u>[Signature]</u>	_____
_____	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman



JUNEAU ALASKA

Alaska State Legislature  
House

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Representative Ferguson

DATE: March 1, 1973

FROM: Earl D. Hillstrand  
Chairman  
House Finance Committee

BILL NO.: HOUSE BILL 259

TITLE: "An Act relating to the advisory board on drug abuse."

COMMENTS: This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

Introduced: 2/22/73  
Referred: Health, Education &  
Social Services

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 HOUSE BILL NO. 259

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the advisory board on drug abuse."

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

8 \* Section 1. AS 44.29.110 is amended to read:

9 Sec. 44.29.110. COMPOSITION. The advisory board on drug abuse  
10 shall consist of six [12] members, broadly representative of all drug-  
11 related fields, who are known for their experience or interest in drug  
12 abuse and who shall be appointed by the governor.

13 \* Sec. 2. AS 44.29.120(b) is amended to read:

14 (b) Of the six [12] initial appointees two [FOUR] shall be  
15 appointed for one-year terms, two [FOUR] for two-year terms, and two  
16 [FOUR] for three-year terms.

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# RECORDS



# GERTIFICATION

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James O. Smith  
Signature of Camera Operator

4/26/89  
Date

Introduced: 2/22/73  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY LAKTONEN

2 HOUSE BILL NO. 261

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Public Works; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$100,000 is appropriated from the general fund to  
11 the Department of Public Works, division of aviation, for the purchase of  
12 building materials for and the start of construction on an airport for  
13 wheeled aircraft at Larsen Bay. The money appropriated by this section shall  
14 be reduced by the amount of federal money received for the purpose of con-  
15 structing the Larsen Bay airport.

16 \* Sec. 2. This Act takes effect on the day after its passage and approval  
17 or on the day it becomes law without approval.

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The Legislature of the State of Alaska  
FISCAL NOTE  
First Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill 261  
 Title: Approp. to Public Works  
 Requested by: Legislative Finance Date: 3/15/73  
 Return Date Requested: 3/22/73  
 Agency: \_\_\_\_\_ Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \_\_\_\_\_  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES		20.0				
200 TRAVEL						
300 CONTRACTUAL		80.0	2.0	2.0	2.0	2.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		100.0	2.0	2.0	2.0	2.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		100.0	2.0	2.0	2.0	2.0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Pending site investigation we have no firm idea how far \$100,000 will go towards establishing a landing strip. A rough estimate is that if land is available at no cost, we can probably grade out something relatively low standard for the \$100,000. It is visualized as about a 100 feet by 2,000 feet strip with a loose gravel surface. Probably at least one restricted approach due to terrain. This will require further engineering study and survey.

IV. ATTACHMENTS

V. DATE: 3/16/73 PREPARED BY: Division of Aviation

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



JUNEAU ALASKA

Alaska State Legislature  
House

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Representative Ferguson                      DATE: March 15, 1973

FROM: Earl D. Hillstrand  
Chairman  
House Finance Committee

BILL NO.: HOUSE BILL 261

TITLE: "An Act making a special appropriation to the Department of Public Works; and providing for an effective date."

COMMENTS: This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

"An Act making a special appropriation to the Department of Health and Social Services, office of drug abuse, for drug treatment and rehabilitation; and providing for an effective date."

## COMMITTEE REPORT

### HOUSE

3-27-73

Mr. Speaker:

Date 3/19/73

The Committee on FINANCE has had HB 253

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION with attached amendment.

"other"

Members signing the Majority report:

\_\_\_\_\_  
\_\_\_\_\_  
Carroll  
Thompson  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends: \_\_\_\_\_  
Friedman recommends: Do not pass  
Thompson recommends: Do not pass  
\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_  
Chairman

A M E N D M E N T

Offered in the HOUSE

By Finance Committee

To: \_\_\_\_\_ HOUSE BILL NO. 103

\_\_\_\_\_ SENATE BILL NO. \_\_\_\_\_

AMENDMENT: Page 1 Line 16

Insert a new Section 2:

"Sec. 2. If federal or other proper receipts are received for expenditure on the drug treatment and rehabilitation program, the appropriated state funds shall be reduced by the amount of the receipts, provided the reductions are not inconsistent with applicable federal statutes."

Remember the remaining sections.

The Legislature of the State of Alaska  
 FISCAL NOTE  
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 263/SB 171  
 Title: Appropriation to Office of Drug Abuse  
 Requested by: Legislative Finance Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Health and Social Services Program: Office of Drug Abuse

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Drug Abuse

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES						
200 TRAVEL		5,000				
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		495,000				
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND		500,000				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- 100 - This fiscal note assumes that administrative funds contained in FY 1974 Budget Request would be available to provide support for the administration of these funds.
- 200 - Travel for Governor's Advisory Board, which must meet to review grants, prioritize them for funding, review evaluations at year's end and recommend successful projects for refunding.
- 700 - Grants to communities and programs for treatment and rehabilitation programs. Grant proposals will be submitted to the Office of Drug Abuse. The Governor's Advisory Board will review recommendations concerning funding level, program effectiveness and priorities, and will help determine grantees.

IV. ATTACHMENTS

V. DATE: \_\_\_\_\_ PREPARED BY: Mary Telle Hellman

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*Greater Anchorage Area  
Borough Health Department* *Jack Heis, Dir.  
of Drug Project*

DRUG ABUSE PROJECT BUDGET

<u>SERVICE AREA</u>	<u>SERVICE ELEMENT</u>	<u>#CLIENT SLOTS</u>	<u>%TOTAL CLIENTS</u>	<u>ELEMENT BUDGET</u>	<u>AVAILABLE MATCH</u>	<u>SERVICE AREA TOTAL</u>
InPatient		2	1%		\$ 48,662.	\$ 60,000.
	Hospital Detox.	2		\$ 60,000.	\$ 48,662.	
Residential		66	13%		\$ 21,000.	\$ 277,200.
	Ther. Comm. Short Term T.C.	22		\$ 92,400.		
	Adolescent Native	20		\$ 84,000.	\$ 12,600.	
		12		\$ 50,400.	\$ 8,400.	
Out-Patient		415	86%		\$ 37,000.	\$ 527,950.
	Methadone Detox.	15		\$ 27,750.	\$ 5,550.	
	Meth. to Abstin.	85		\$157,250.	\$ 31,450.	
	Day Treatmt.	65		\$ 91,700.		
	Adolescent Native	100		\$ 81,200.		
		25		\$ 15,250.		
	Aftercare	125		\$154,800.		
Ancillary					\$ 52,302.	\$ 245,202.
	Project Director			\$ 52,302.	\$ 52,302.	
	Central Intake			\$ 90,600.		
	Outreach			\$ 57,700.		
	Training Program			\$ 25,000.		
	Eval:			\$ 19,600.		
Admini- stration	5%					\$ 58,440.
TOTAL		483	100%		\$158,964.	\$1,168,792.
Additional Required Match					\$ 74,794.	
					<u>\$233,758.</u>	

IN-PATIENT HOSPITALIZATION

BUDGET

Beds (66.66 x 730 pt./days)	\$ 48,662.
Physician (13.33)	\$ 3,500.
Medications, Laboratory and Miscellaneous	\$ 7,838.
	<hr/>
TOTAL	\$ 60,000.

SHORT-TERM THERAPEUTIC COMMUNITY

BUDGET

Director	\$ 13,200.	
Senior Counselor	\$ 10,800.	
Rehabilitation Counselor	\$ 9,000.	
Relief Counselor 50%	\$ 4,500.	
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	\$ 37,500.	
fringe @ 18%	\$ 6,750.	
	<hr/>	
Personnel Total	\$	\$ 44,250.
Food (21 x 365 x 2.50)	\$ 17,000.	
Rent and Utilities	\$ 17,000.	
Travel (\$50. x 12 x 2)	\$ 1,200.	
Liability Insurance	\$ 400.	
Telephone (@ \$34. x 12 w/ext.)	\$ 408.	
Office Supplies	\$ 150.	
Recreation	\$ 500.	
Equipment	\$ 2,340.	
typewriter	\$ 350.	
beds (21 x \$50.)	\$1,050.	
linen (40 x \$20.)	\$ 840.	
utensils	\$ 100.	
	<hr/>	
Miscellaneous Expenses	\$ 7752.	
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Other Expenses Total		<u>\$ 39,750.</u>
TOTAL		<u>\$ 84,000.</u>

METHADONE DETOXIFICATION

0.05 Psychiatrist @ 40,000 =	\$ 2,400.
0.075 R.N. @ 16,000	\$ 1,200.
0.0375 R.N. @ 16,000	\$ 600.
0.0375 R.N. @ 16,000	\$ 600.
900 0.15 Program Coordinator @ 10,800	\$ 1,620.
0.15 Social Worker @ 18,000	\$ 2,700.
900 1.0 Rehab. Counselor @ 10,800	\$ 10,800.
	<hr/>
	\$ 19,920.00
Health Insurance	\$ 292.94
fica (5.2) isc (1.5)=	\$ 1,334.64
	<hr/>
	\$ 21,547.58

Urinalysis	\$ 5,030.
Methadone, juice, etc. @ 1.65/month	\$ 297.
Rent, utilities @ \$.50 x 450 sq.ft. x 12 mos.	\$ 2,700.
Building insurance	\$ 180.
Furniture and equipment	\$ 1,050.
Telephone	\$ 180.
Office supplies	\$ 100.
Travel	\$ 225.
	<hr/>
	\$ 9,762.00
	<hr/>
	\$ 31,307.58

METHADONE TO ABSTINENCE

	0.34 Psychiatrist @ \$40,000.	\$ 13,600.
	0.425 R.N. @ \$16,000.	\$ 6,800.
	0.2125 R.N. @ \$16,000.	\$ 3,400.
	0.2125 R.N. @ \$16,000.	\$ 3,400.
900	0.85 Program Coordinator @ \$10,800.	\$ 9,180.
	0.5 Social Worker @ \$18,000.	\$ 9,000.
	0.35 Social Worker @ \$18,000.	\$ 6,300.
900	1 Rehab. Counselor @ \$10,800.	\$ 10,800.
900	1 Rehab. Counselor @ \$10,800.	\$ 10,800.
850	1 Rehab. Counselor @ \$10,200.	\$ 10,200.
800	1 Rehab. Counselor @ \$9,600.	\$ 9,600.
750	0.5 Rehab. Counselor @ \$9,000.	\$ 4,500.
750	0.5 Rehab. Counselor @ \$9,000.	\$ 4,500.

Health Insurance  
fica(5.2) isc (1.5)

\$ 102,080.  
\$ 1,531.  
\$ 7,443.

\$ 112,054.

Urinalysis @ \$3.00 x 85 x 52 =  
Methadone, juice, etc. @ 1.65/month  
Rent & utilities @ \$.50 x 2550 x 12 =  
Building insurance  
Furniture & equipment  
Telephone  
Office supplies  
Travel

\$ 13,260.  
\$ 1,683.  
\$ 15,300.  
\$ 1,020.  
\$ 5,950.  
\$ 1,020.  
\$ 600.  
\$ 1,275.  
\$ 40,108.

+ Food

\$ 157,162.  
\$ 6,000.

\$ 163,162.

DAY TREATMENT

Director - @ \$ 1,300.	\$ 15,600.	
Senior Counselor - @ \$1,000.	\$ 12,000.	
Counselor - @ \$ 900.	\$ 10,800.	
Counselor - @ \$ 850.	\$ 10,200.	
Secretary - @ \$ 600.	\$ 7,200.	
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	\$ 55,800.	
fringe @ 18%	\$ 10,044.	
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Personnel Total		\$ 65,844.
Food	\$ 10,000.	
Rent and Utilities	\$ 12,000.	
Travel	\$ 1,800.	
Liability Insurance	\$ 300.	
Telephone	\$ 300.	
Office Supplies	\$ 300.	
Recreation	\$ 500.	
Miscellaneous Expenses	\$ 656.	
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Other Expenses Total		\$ 25,856.
TOTAL		\$ 91,700.

ADOLESCENT PROGRAM

BUDGET

Rehabilitation Counselor	\$ 10,200.	
Rehabilitation Counselor	\$ 10,200.	
Rehabilitation Counselor	\$ 10,200.	
Rehabilitation Counselor	\$ 10,200.	
Rehabilitation Counselor	\$ 10,200.	
Clerk	<u>\$ 7,365.</u>	
	\$ 58,365.	
fringe @ 18%	<u>\$ 10,506.</u>	
 Personnel Total		\$ 68,871.
 Rent and Utilities (900x65¢x12)	\$ 7,020.	
Travel (50x5x12)	\$ 3,000.	
Telephones (3x22x12)	\$ 792.	
Supplies	\$ 600.	
Equipment	\$ 490.	
1 sec.desk - \$280.		
1 sec.chair - \$ 60.		
1 filing cabinet-\$150.		
 Miscellaneous Expenses	\$ 427.	
 Other Expenses Total		<u>\$ 12,324.</u>
 TOTAL		\$ 81,200.

NATIVE OUT-PATIENT (25 SLOTS)

Rehabilitation Counselor @	\$ 10,800.	\$ 10,800.	
fringe @	18%	\$ 1,944.	
		<hr/>	
Personnel Total		\$ 12,744.	\$ 12,744.
Rent and Utilities (150x65x12)		\$ 1,170.	
Travel (50x12)		\$ 600.	
Telephone @ 22x12		\$ 264.	
Supplies		\$ 150.	
Miscellaneous Expenses		\$ 322.	
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Other Expenses Total		\$ 2,506.	\$ 2,506.
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	TOTAL		\$ 15,250.

AFTERCARE

BUDGET

Social Worker III (range 24)	\$ 17,340.	
Social Worker II (Whited) 50%	\$ 7,798.	
Social Worker II (Arnold) 50%	\$ 8,359.	
Vocational/Educational Counselor (rg.22)	\$ 15,720.	
Voc/Ed. Counselor (range 22)	\$ 15,720.	
Family Services Counselor II (range 16)	\$ 11,736.	
Family Services Counselor II (range 16)	\$ 11,736.	
Clerk II (range 7)	\$ 7,560.	
Clerk II (range 7)	\$ 7,560.	
	\$103,529.	
fringe @ 23%	\$ 23,812.	
Personnel Total		\$127,341.
Rent and Utilities	\$ 10,000.	
Telephones (6x22x12+L.D.)	\$ 2,000.	
Travel (\$150./mo.x6x12)	\$ 5,112.	
Supplies	\$ 2,000.	
Equipment	\$ 7,730.	
5 exec.desks @ \$300.-\$1,500.		
2 sec.desk @ \$280.-\$560.		
5 exec.chairs @ \$80.-\$400.		
2 sec.chairs @ \$60.-\$120.		
2 typewriters @ \$600.-\$1,200.		
6 dictating units @ \$425.-\$2,550.		
4 filing cabinets @ \$150.-\$600.		
1 calculator @ \$600.-\$600.		
2 folding tables @ \$100.-\$200.		
Miscellaneous Expenses	\$ 617.	
Other Expenses Total		\$ 27,459.
TOTAL		\$154,800.

CENTRAL INTAKE

BUDGET

Psychiatrist (contract 50%)		\$ 18,000.
Family Services Counselor II	\$ 11,172.	
Family Services Counselor II	\$ 11,172.	
Clinic Nurse	\$ 11,736.	
Clerk III	\$ 7,944.	
	\$ 42,024.	
fringe @ 23%	\$ 9,666.	
Personnel Total		\$ 51,690.
Rent and Utilities (1225@65¢x12)	\$ 9,555.	
Telephones (3@22x12+R.D.)	\$ 1,100.	
Travel (150 mi/mo.x3.5x12)	\$ 2,947.	
Supplies	\$ 2,000.	
Equipment	\$ 4,305.	
5 exec.desks @ \$300.-\$1,500.		
4 exec.chairs @ \$80.-\$320.		
1 steno.chair @ \$60.-\$60.		
1 typewriter @ \$600.-\$600.		
3 dictating units @ \$425.-\$1,275.		
3 filing cabinets @ \$150.-\$450.		
1 folding table @ \$100.-\$100.		
Miscellaneous Expenses	\$ 1,003.	
Other Expenses Total		\$ 20,910.
TOTAL		\$ 90,600.

OUTREACH

BUDGET

Family Services Counselor I	\$ 10,140.	
Family Services Counselor I	\$ 10,140.	
Family Services Counselor II	\$ 11,172.	
Family Services Counselor III	<u>\$ 12,324.</u>	
	\$ 43,776.	
fringe @ 23%	<u>\$ 10,064.</u>	
Personnel Total		\$ 53,845.
Travel (150 mi/mo.x4x12)	\$ 3,408.	
Miscellaneous Expenses	<u>\$ 447.</u>	
Other Expenses Total		<u>\$ 3,855.</u>
TOTAL		\$ 57,700.

PROGRAM EVALUATION

50% Program Analyst I @ \$12,936.	\$ 6,468.	
50% Accounting Clerk I @ \$ 8,340.	\$ 4,170.	
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	\$10,638.	
fringe @ 23%	\$ 2,447.	
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Personnel Total		\$ 13,085.
50% Rent & Utilities (325 sq.ft. @ .65x12)	\$ 1,269.	
50% Telephones	\$ 200.	
50% Supplies	\$ 400.	
50% Equipment	\$ 1,110.	
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Exec.Desk @ \$300.	\$ 150.	
Exec.Chair @ \$80.	\$ 40.	
Sec.Desk @ \$280.	\$ 140.	
Sec.Chair @ \$60.	\$ 30.	
Calculator @ \$600.	\$ 300.	
Typewriter @ \$600.	\$ 300.	
2 Filing Cabinets @ \$150.	\$ 150.	
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Other Expenses Total		\$ 2,978.
Hardware, software, etc.	\$ 3,537.	
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H. & S. Total		\$ 3,537.
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TOTAL		\$ 19,600.

DRUG ABUSE SERVICES PROJECT - PROJECTED EIGHT YEAR BUDGET BY SERVICE ELEMENT

ELEMENT	1	2	3	4	5	6	7	8
Hospital	60,000	63,158	66,482	69,981	73,664	77,541	81,623	85,919
T.C.	92,400	96,754	101,313	106,087	111,086	116,320	121,801	127,541
Light T.C.	84,500	86,269	90,751	95,469	100,435	106,824	112,388	118,245
Adol. Res.	50,400	52,775	55,262	57,866	60,591	63,446	66,436	69,566
Native	50,400	52,775	55,262	57,866	60,591	63,446	66,436	69,566
Meth. Detox.	27,750	29,058	30,427	31,861	33,362	34,934	36,580	38,304
Meth. Maint.	157,250	164,660	172,419	180,543	189,050	197,958	207,286	217,053
Day Treat.	91,700	96,492	101,536	106,845	112,434	118,317	124,510	131,029
Adolescent	81,200	85,004	89,452	94,134	99,062	104,249	109,709	115,457
Native	15,250	16,036	16,863	17,734	18,650	19,615	20,630	21,699
Aftercare	154,800	155,938	164,052	172,593	181,583	191,046	201,008	211,494
Proj. Dir.	52,392	54,766	57,347	60,049	62,879	65,842	68,945	72,194
C. I.	90,600	91,430	96,155	101,129	106,365	111,876	117,677	123,784
Outreach	57,700	60,713	63,865	67,221	70,739	74,439	78,333	82,432
Training	25,000	26,178	27,412	28,704	30,057	31,473	32,956	34,509
Prog. Eval.	19,600	19,630	20,654	21,732	22,867	24,062	25,320	26,644
Admin.	58,440	60,612	63,909	66,832	70,180	73,757	77,455	81,339
TOTAL	1,168,792	1,212,248	1,278,181	1,336,649	1,403,595	1,475,145	1,549,093	1,626,775
MYTCH	233,758	242,450	319,545	534,660	771,977	1,032,602	1,084,365	1,138,743

DRUG ABUSE SERVICES PROJECT - PROJECTED EIGHT YEAR BUDGET

YEAR	1	2	3	4	5	6	7	8	TOTAL
Fed. Share.	935,034	969,798	958,636	801,989	631,618	442,543	464,728	488,032	5,692,378
State	74,794	81,022	155,536	267,330	385,988	516,301	542,183	569,372	2,592,526
Local	52,302	54,766	57,347	133,665	192,995	258,150	271,091	284,686	1,305,002
Other	106,662	106,662	106,662	133,665	192,994	258,151	271,091	284,685	1,460,572
Total Match	223,758	242,450	319,545	534,660	771,977	1,032,602	1,084,365	1,138,743	5,358,100
Proj. Total	1,168,792	1,212,248	1,278,181	1,336,649	1,403,595	1,475,145	1,549,093	1,626,775	11,050,478



JUNEAU ALASKA

Alaska State Legislature  
House

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Rep. Ferguson                      DATE: February 28, 1973  
House Finance Committee

FROM: Earl D. Hillstrand  
Chairman  
House Finance Committee

BILL NO.: HOUSE BILL 263

TITLE: "An Act making a special appropriation to the Dept. of Health & Social Services, office of drug abuse, for drug treatment and rehabilitation; and providing for an effective date."

COMMENTS: This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

TO THE HOUSE FINANCE COMMITTEE:

DRUG USE AND CONTROL: 1973

A SUMMARY by paul fuhs & chip thoma

We have taken an active interest in proposed drug legislation this year because we have grown up in the era of mushrooming drug use among older people and among the young people we have lived with. As a result of this experience we are knowledgeable and concerned. At the outset let us say that if you are to legislate to reduce drug abuse in Alaska you must be aware of the effects of drugs, their current availability, and the attitudes of people using them.

In its simplest explanation, drug use in the U.S. is a combination of social and economic conditions, advertising, and the huge profits made from the sale of drugs. Drugs are BIG business. The by-products are some pleasurable physical sensations, an easy escape from reality and a lot of crime.

TREATMENT AND LEGISLATION:

Before the Senate State Affairs committee, Chip advocated a community directed campaign to contact drug addicts, be privy to their condition, and offer assistance. Two days later Judge Ochipinti announced a program so similar that we heartily agree and hope for the best results. Only with the cooperation of the addict will his addiction be cured. Addiction is an illness. Therefore, money must be made available for rehabilitation programs as has also been proposed this session.

Drugs are an extremely complex force in society that simple enforcement methods cannot change. We would like to make a few points concerning bills that have been proposed:

SB103 ( Lewis, Harris) and HB176 (Hartig et al)  
written by the Department of Public Safety:

•The House Judiciary Committee has removed "dangerous" (read: marijuana) from the title and intent; the intent of the bill is now narcotic drugs (read: heroin, cocaine, etc.)

•Because heroin is pure when it enters the United States, and dilutants such as lactose are then added for sales, the volume of heroin needed to supply all addicts in the state for one year is no larger than a box of soap flakes, and can be carried easily in one piece of luggage or flown over the border in light aircraft or brought in anywhere along Alaska's long coastline by boat. It is foolish to believe that we can stop the product from reaching the market.

•Any serious attempt to stop the flow of heroin means stopping every vehicle passing through the border and every passenger arriving on a plane for a thorough check. This procedure would play havoc with our tourist industry. Can you imagine cars and campers backed up for 10 miles at Beaver creek? That is exactly what happened in Mexico during Operation Intercept - a similar operation. Of the arrests they made (3000 of them) 99% were for marijuana. Operation Intercept was stopped at the insistence of the Mexican government because their tourist trade was declining drastically.

•The legislation does not deal with the military bases, a large, and perhaps the major source of hard drugs in Alaska. Presently, 80% of the heroin in the U.S. comes from S.E. Asia. Eilson and Elmendorf Air Force Bases are stopover points for flights to the east coast from S.E. Asia.

CONCLUSION:

The Public Safety Department-written bill does not consider 1) the virtual impossibility of stopping the small volume of heroin Alaskan addicts need, nor 2) the military related sources of heroin in Alaska, nor 3) does Public Safety recognize the much greater abuse of amphetamines and barbiturates. You must realize that we are a pill-oriented society, and the children we are trying to protect are more prone to take a pill than use heroin. The mixture of barbiturates and alcohol can be extremely dangerous and has caused death. Both of these drugs are readily available. They are legal.

Moreover, Public Safety has no specific plan for reducing drug use in Alaska. Their plan is departmental expansion of monies and manpower only. This, of course, is rational behavior for any bureaucracy - to entrench and expand. Were drugs a less emotional issue, perhaps you would require a little more scrutiny before allocating funds. There is no reason to believe that their elusive program will work. It has failed in 49 other states. In essence, \$350,000 for this bill is a waste of money. The creativity exhibited by Judge Ochipinti is cheaper and insure tangible results if rehabilitation programs are adequately funded.

PROPOSALS ON FOLLOWING PAGE

## P R O P O S A L S

1. Pass a resolution urging Congress to strictly regulate the production of amphetamines, barbiturates and other "legal" drugs. Perhaps stricter State legislation on prescription of hard "legal" drugs is also possible.
2. Contact military authorities to see if they can stop the "heroin pipeline" from S.E. Asia to Alaska through the Air Force Bases. If this major source of heroin supply can be kept from entering Alaska it will greatly diminish the need for over-staffed police forces.
3. Reconsider HB 176 on the following points:

a. Any serious attempt to "seal off the borders" would mean thoroughly searching every person and vehicle coming into the state. Spot checking of long-hairs and "undesirables" will not catch the heroin coming into the state. The real dope runners are smarter than that.

Even were it possible to thoroughly search every person and vehicle coming into Alaska, the effect on our tourist industry will be disastrous. Operation Intercept on the Mexican border was stopped for this very reason. Given our present economic situation, neither our state's economy nor our state tax roles could take this extra strain. The following statistics on tourism in the state economy are from the Tourism Division, Department of Economic Development for 1972:

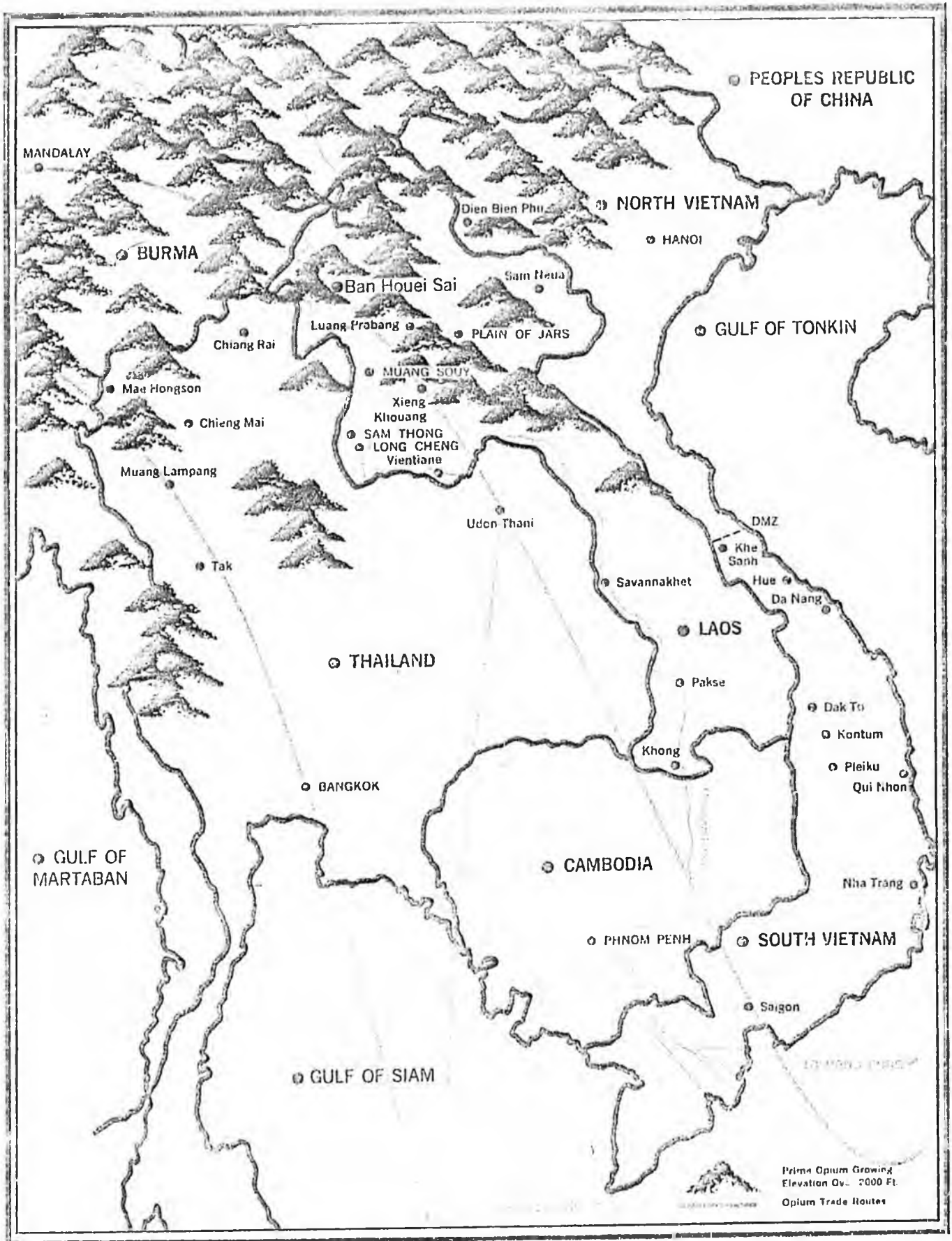
Tourism is the 4th largest industry in the State. The total economic impact of tourism is \$262,500,000.00 or 13.5% of the Alaska Gross Product. The employment impact of tourism is 13,050 jobs for Alaskans. The state received \$9,000,000.00 in Direct Revenue taxes. This is not counting taxes on monies from a multiplier effect of 2.5 times on money spent in the state by tourists. Projections are for a 300% increase in the number of tourists visiting Alaska by 1980. (Our economy and tax roles need this growth.)

b. The addict contact (voluntary treatment) program has been very successful in Anchorage and is very cheap. It is very possible that persuasion is a more effective tool for getting addicts to treatment than increased paranoia from more dogs and police would be. Let's try it for a year anyway - then if we need more force we can apply it at that time. Give the programs working right now in Anchorage a chance.

c. Consider the motives of Public Safety in insisting on funds for a dubious enforcement program. Remember, they are like any other bureaucracy. The budget will be very tight this year and the real needs of people in other areas are a better investment in our human resource than these police programs.

d. If you do fund HB 176 then require a report from Public Safety 1 year from now stating the results of their program. Legislators should then check these results against their stated objectives. If the money is being wasted the appropriation should be cut at that time.

4. If you pass HB 176, continue to push the amendment "creation of a special narcotics control unit within the State Police" rather than "narcotics and dangerous drugs control unit" is stated in the Senate version of the bill.
5. Make appropriations where we know the money will bring some results. HB 263 would adequately fund treatment programs for Anchorage that will allow them to capture total appropriations of \$1,100,000.00 from Federal matching funds. This program could in 1 year in Anchorage detoxify 390 addicts, Maintain 85 on methadone, and maintain contacts with 245 ex-addicts in an abstinence program after they have become drug free. Under HB 263 funds would also be available to Fairbanks and other communities in the state should their areas become a problem.
6. Seek more information on innovative ways to control drugs. Please keep your minds open.



Map by Louise Kollenbaum

# Vital Speeches of the Day

REG. U. S. PAT. OFF.

VOL. XXXVIII

OCTOBER 1, 1972

NO. 24

## The War Against Drug Abuse:

CAN IT BE WON?

By MYLES J. AMBROSE, *Special Assistant Attorney General and Special Consultant to the President on Drug Abuse Enforcement*

*Delivered before the Town Hall Club of California, Los Angeles, California, September 12, 1972*

**T**HE SUBJECT CHOSEN for my discussion today is "The War Against Drug Abuse: Can It Be Won?" Lest you think I'm given to runaway rhetoric in describing the federal effort against drug abuse as a "War," I mean exactly that. We are in a war and we mean to win it.

The magnitude of the heroin problem, and its collateral effects, has been of crisis proportions:

— It is a crisis in the number of lives it takes each year—1,259 in New York City alone last year.

— It is a crisis in the number of Americans addicted—between 500,000 and 600,000, a ten-fold increase in the decade of the 60's.

— It is a crisis when you look at the crime addiction breeds. Addicts spend an estimated \$17 million daily on heroin, a total of \$6 billion a year. Most of that money is obtained through crime.

President Nixon has made the heroin problem a matter of top priority. He has labeled drug abuse public enemy number one. Just recently, he sent to Congress an urgent recommendation for a supplemental drug abuse prevention appropriation of \$135.2 million for the current fiscal year.

The request raised the planned overall expenditures for The War Against Drug Abuse to \$729 million—a one thousand per cent increase over what the Federal Government was spending in this area in 1969.

There are two sides to the drug abuse equation—supply or the amount of illicit drugs available, and demand, which refers to those who need them or must have them. I intend to dwell on the enforcement or supply side, which is my more immediate responsibility. But let me stress that the problems on both sides are overwhelming and neither is mutually exclusive.

In enforcing the drug laws, we are initially confronted with a virtually limitless supply of opium, the raw material of heroin. It is necessary to understand that a very small

portion—perhaps five per cent—of the world's opium production is required to supply our addict population. As a matter of fact all of the opium needed to supply the addict population of the United States can probably be grown in a ten square mile area almost anywhere in the world.

The illicit American market is also the most lucrative, so that as one source is eliminated, other potential sources are quickly developed. Those who smuggle heroin into this country are among the most sophisticated and inventive criminals in the world, and their ability to alter their delivery systems and methods of operation when discovered are unquestioned. Add to this the staggering logistics of trying to keep heroin from crossing our borders—225 million persons entered the U. S. last year: we have some 20,000 miles of coast and land borders—and you begin to appreciate the magnitude of the interdiction problem.

This isn't to say the Federal Government is throwing up its collective arms and saying, "What's the use." Far from it. The President's programs have been carefully planned to mount a comprehensive assault to disrupt and abort the heroin traffic.

Let me tick off some of them.

1. As a result of diplomatic initiatives undertaken by the President and Secretary of State, Turkey has agreed to stop domestic production of opium, and the French, traditional manufacturers of heroin, have substantially increased their law enforcement efforts. European heroin seizures by mid-1972, for example, topped the amount taken during all of 1971. And, the 1971 European seizures already had increased 300 per cent over those of 1970.

2. In Southeast Asia, the Government of Thailand has tremendously increased its efforts, tons of opium have been seized there and in Laos and since October 1971 the Thai alone have seized 850 pounds of heroin.

3. Strong presentments by Ambassador Bunker and Gener

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THE FOLLOWING REPORT WAS PREPARED FOR THE 8th SESSION OF THE ALASKA LEGISLATURE BY THOMAS WILSON, A LONG-TIME ALASKAN WHO WAS A LEGISLATIVE MESSENGER IN JUNEAU DURING THE 1969 SESSION. TOM IS A U.S. AIR FORCE VETERAN AND A PRE-MEDICAL STUDENT AT CLARK UNIVERSITY IN MASSACHUSSETS.

## UNITED STATES DRUG PROBLEM :

### A REASONABLE PERSPECTIVE

The use and abuse of drugs in our society is a problem shrouded in myth and characterized by ignorance and inflexibility. Drugs are used and abused legally and illegally, and it is the primary contention of this article that the 'counter-culture's' illegal abuse of drugs should not be separated from any of the forms of legally-sanctioned drug abuse prevalent in this country today.

It is generally held by law-makers and their agents that illegal use of drugs is 1.) a problem that can be solved and 2.) that it is amenable to simple solutions, i.e. stronger enforcement of the prohibitive laws against it.

By my efforts to merely define the problem, I hope to demonstrate that these points of view are not only simplistic but are unworkable, as they do not address the real American drug situation.

Defining the problem requires an understanding of the use and abuse of drugs throughout our entire society. It also demands an examination of where the present attitudes towards illegal use came from, which in turn will point up the strange patchwork of laws and public sentiment opposed to some drugs and actively or passively in favor of others.

It can safely be said that ours is a drug-saturated culture. Physicians prescribe an awesome variety of medications that numbers in the thousands. There is a multi-billion dollar a year industry devoted to producing and pushing 'over-the-counter' patent medicines, as well as selling prescription drugs to doctors through professional journals and mailing lists. In addition, there is a general health food and vitamin pill craze which has resulted in the successful marketing of numerous chemicals for ingestion, application, and relief. Besides vitamins and aspirin, an ocean of sprays, mouthwashes, powders, and sedatives of every description is threatening to drown the all too eager consumer. These items are often passed off as necessities for the maintenance of physical and mental health.

Due in part to the force of pervasive marketing techniques, our doctors have been made to feel obliged to provide their patients with some form of medication every time that they see them. Patients have come to expect this service and when they don't receive it they become convinced that not enough is being done for them. This is just plain bad medicine.

The products mentioned above are legitimate drugs that are used and, more often than not, abused by all members of our society. The use of many of these gimmick-items has been easy to rationalize since

drugs have long been accepted as a way of dealing with our daily problems. The 'wonder-drugs' and 'cure-alls' of yesterday have only been replaced by superficially more sophisticated items, thanks to the efforts of the boys on Madison Avenue. Another much subtler factor is the psychological reinforcement that comes from being able to control and alter our bodies so as to become more appealing to ourselves and others.

There is still another group of legal drugs, those of pleasure. The two most commonly known drugs in this category are alcohol and nicotine. Both of them can be quite dangerous and their negative effects (physical and social) are well known, yet their use is not only tolerated but is actually encouraged. Glittering advertisements of these products appear on billboards, in our magazines and newspapers, and during television commercial breaks. It stands out as a glaring paradox, when a comparative effect, side-effect, and long term effect study is read, that these drugs are still permissible in our society while the very innocuous marijuana is slanderously attacked.

Other drugs used by the average 'straight' citizen for pleasure purposes are the mild tranquilizers and 'diet pills' that provide a 'buzz' that helps many a housewife and businessman get through the day. Even the glycerin capsules needed by heart disease victims are sometimes used to excess for the jolt that results.

Why people use drugs legally or illegally is the hardest question to answer. Most people cannot offer a coherent reply, even for the booze, body sprays, or vitamins. Why people want to smell like wild flowers or get more than they need of countless chemicals is a philosopher's dilemma. It should be pointed out that people usually do not need to think about the question as it is seldom asked, simply because drugs are such a fundamental aspect of our culture. That by itself is powerful, but still it ignores the vital part that the drug industry (both legal and illegal) plays in our national economy.

Some aspects of the illegal use of drugs are described below and reasons are offered for their continued existence and the expansion of their use. Please keep in mind that no individual can be made to fit all of the categories, each person has their own reasons, excuses, and motivations. It is hoped that this list will help to demonstrate the complexity of the issue.

- 1.) PLEASURE - Most drugs are fun, they give a person pleasure either directly with their sensation or indirectly by providing the excuse and motivation for 'irrational' actions, i.e. behaviors that would normally be socially intolerable. We all know how a drunk can be a buffoon and not be severely criticized later because he was "under the influence". Even the courts hold that a drunk is not fully responsible for his actions. The excuse to act irrationally also holds true

for all of the mind-altering drugs and the hard narcotics.

- 2.) ESCAPE - For many people this highly technological society is confusing and frustrating. Due to rapid methods of transportation and communication, there are more people that an individual has to come in contact and deal with now than at any previous time in history. Some, especially the weak, grab at any way of numbing the effects of mass-society or of shutting them out completely. Such people need help that is not available anywhere now.
- 3.) PROTEST - Individuals can use mind-altering drugs to "fly in the face" of conventional standards that they deem absurd. One good example is the Booze vs. Pot dilemma where intelligent people know how benign the latter is when compared to any aspect of the former. (Most fights that occur at rock concerts, and one has to concede that there are very few, are the ones where drunks came to hassle the hippies.)
- 4.) SOCIAL REQUIREMENT - In colleges and high schools and among their working or professional friends, drugs are a socially accepted and requisite thing to do. The same as alcohol at the governor's party, no difference. As further proof of this position just listen to a ladies bridge party conversation. They often discuss their recent medical visits and what was prescribed, etc. Finally, as in all societies, there are some people who are teetotalers but are tolerant of their friend's 'vices'.
- 5.) RELIGIOUS EXPERIENCE - There is a sizeable group of people who adhere to the belief that the proper use of some drugs can help a person to find a better way of life and give him/her a religious experience that could not otherwise be had or understood. An analogy is that drugs bring dreams much closer to recall and therefore to reality. There are many precedents to these trends, from the Indian use of peyote and jimson weed\* to Middle Eastern mystery sects. Their modern contemporaries have come to believe that they too are set apart, that they are unique in some special way that only they can understand or appreciate. (Not unlike a scholar who sits placidly in his ivory tower with his special projects that only he knows something about.)

Unfortunately all of the above factors, whether they be valid or not in an American social sense, are classified under the heading of drug abuse by the law and are therefore considered a problem to be solved. In reality, most of the above uses are harmless in terms of society as a whole, as they hold no threat other than that presented by anything that is different from the accepted norm.

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\* See Carlos Castaneda's Conversations With Don Juan, A Separate Reality, and Journey To Ixlan.

It can easily be seen that there are a wide variety of drugs that are taken for many reasons in this society. So, the question arises as to why some are feared and therefore legislated against.

Illegal drug use can be approached in two ways: 1.) the Mythology that has grown up around it and 2.) the reality of the present 'drug scene'. Both approaches are necessary in order to grasp the extent of our society's real problems relating to drug use.

Some drugs are controlled, some are unrestricted, and yet others have an aura of terror about them and are consequently suppressed. In order to understand the reasons for the above actions, especially the last, we need to examine the US drug situation at the turn of the century before the existence of present-day controls.

During the 19th century, hawkers sold "medicines" on every busy streetcorner (these were often laced with opiates). Opium and its derivative, morphine, came into extensive use. There were many superstitious treatments that involved the ingestion of drugs at the time that scientific medicine was making its first big advances. Other pain relievers such as laughing gas were commonly used.

In time, some drugs were discovered to be addictive and research was carried out by a number of firms to discover new drugs without adverse side-effects (as one of the supplemental ads indicates). One such "wonder cure" for morphine addiction was heroin! It was invented by the same company that a year later discovered aspirin. It should be pointed out that addiction, even though it was recognized as a problem, did not inspire either the terror or the degree of outcry that is presently popular among some naive circles.

Prior to and during Prohibition, the use of marijuana began to spread out of the black ghettos. The tobacco and alcohol industries reacted swiftly, as they feared the loss of their clientele to this easily produced and cheap intoxicant. After an extensive lobbying effort both in Congress and to the general public, they managed to inflict the paranoia that still pervades this society.

The use of lies was rationalized, as is pointed out in one article included, through appeal to the 'necessary evil' and 'the end justifies the means' philosophies. There was clearly less desire to protect the public than to protect the status-quo financial interests.

People trusted the government then. Activities such as the above have helped to undermine that trust. We are still suffering from the lies of half a century ago.

The origin of the mythology has been traced and now it is necessary to paint a picture of what exists. This comes in two packages: 1.) the society's point of view and misconceptions and 2.) the user's point of view and misconceptions.

In spite of much public opinion to the contrary, the direct problems from the lethargic, pacified addicts and users are not any greater than those presented by the abuse or even regular use of alcohol. (The ravages of alcohol are far more severe than those of heroin, as alcohol is the biggest, most expensive, and least amenable to solution of all the social problems that we have. But more of this later.)

\*  
Unfortunately, the legal system has no control over addiction because of absolute prejudice and foolish attempts at abolishment of the drugs. This 'hard nosed' attitude only helps the illegal drug industry and hurts EVERYTHING ELSE. It gives the illegal sources a monopoly, they set ridiculous prices to make huge profits, and there is no quality control which means that the drugs that are present are 'cut' with such substances as strychnine. The impossibly high prices force the users to turn to crime to pay for the drugs (the drugs do not add any aggressiveness to the individual, they are, of themselves, benign). In addition, the user is persecuted by society and this feeds the fires of vengeance with which they can rationalize their crimes. Then there is the use of the tremendous profits. They serve to enhance the trade, finance corruption in public officials ( the New York City Police Dept. is a perfect example), and feed other less profitable industries such as cigarette smuggling. All of this is manifested by the 'lock on every door' aspect of our cities.

The efforts to 'crack down' on drug suppliers is just as prone to failure and its own form of backfire, as it too is overly simplistic and naive. When dealing with any problem it helps to remember one important maxim, - 'one cannot uninvent something'. Drugs, like nuclear weapons, are not going to go away, so we had better find some means of living with them. Due to legal myopia, which does not recognize the enormous profits of the illegal drug industry ( a very sizeable portion of our national economy that is not taxed ) and does not view this as an economic problem, the legal forces fail to see that a 'crack down' usually means more profit to the industry. This helps to explain why many powerful and well-to-do citizens publicly and righteously proclaim their disdain while secretly making profits from their 'underground' activities. ( More than one 'crack down' has been initiated by an importer after he safely gets his shipment into the country, - his profits skyrocket and since he usually lives in a well-protected neighborhood, the increased crime rate does not affect him.)

From the user's point of view there are a number of considerations. One is the immense ignorance of the public and legislators as to the effects of drugs and the reasons for their use. 'Straights' are so naive in the user's eyes because they cannot even ask the simplest questions about drugs.

The user knows of the tremendous industry, the profits that are made in the midst and in spite of all the talk about suppression. ( There is a favorite smoker's joke about Operation Intercept, in which Uncle Sam pays everyone - that is, he pays \$30,000,000 for a

out ^

couple of marijuana cigarettes.)

The obvious misrepresentations about drugs is another area of contention for the user. They are simply not what they are said to be by the legal authorities and in the school's 'scare films'. These films are so absurd that many school children try drugs after seeing them because they can look right through the overdone lies. Or, they go home to an alcoholic parent and wonder about the double standard.

The remainder of this paper consists of a frontal attack on the present legal situation. This will be partially accomplished by a drug by drug evaluation and classification as to comparative degrees of danger.

#### THE MOST DANGEROUS DRUGS (ALL ARE LEGAL)

ALCOHOL - Produces a stupor that interferes with motor control, seems to induce a viscious aggressiveness that results not only in brawls but in more traffic accidents than all other intoxicants combined. This is a deadly drug, long term regular use leads to habituation, liver disease, lethargy, brain damage, death and social problems too numerous to mention. Of all the drugs available, this one most deserves suppression but, as has been shown by Prohibition, this only causes more harm.

TOBACCO - Other than taste, which overpowers better things, little can be said about the direct effects. It causes cancers, heart disease, and other unpleasant ailments. There are no medical uses whatsoever.

BARBITUATES - Depending upon the kind and quantity, they produce moods which range from excitement to stupor. They have a number of legitimate medical uses but overprescription is common. Harmful effects include brain damage and death.

#### THE DANGEROUS DRUGS (WITH QUALIFICATIONS)

LSD - A powerful hallucinogen with effects that last for a number of hours. It is extremely dangerous to persons who are mentally unstable to begin with. Sometimes 'flashbacks' occur months after use. Scare tactics such as the charges of chromosome damage and a few other lies have been based on very shoddy studies. (Personally, I would not recommend this drug for anyone since the street varieties are 'cut' with all kinds of dangerous chemicals that would require a professional chemist in order to remove them.)

COCAINE - Used for centuries by South American Indians, produces a dramatic 'hard' high that lasts for hours. In small quantities, which are very expensive, and if used irregularly, it does not seem to have dangerous side-effects. Habituation can result and that often leads to a fatal overdose.

HEROIN - Probably the most over-rated, myth-ridden, and least understood of all drugs. In pure form and in proper quantities, it is the safest drug around (except for the addictive qualities). Even in the case of addicts, after years of heavy use, it is impossible to find signs of physical or mental degeneration that can be attributed to the drug. It is dangerous though for other, indirect reasons. Danger arises in many subtle ways. In addition to the previous commentary on the effects of 'crack downs', there is a series of other dangers : 1.) greater profits lead to 2.) more crime which means 3) desperate persons and more competition and that results in 4.) more murders which provide 5.) room for new people to enter the industry and then 6.) more heroin is imported. When the supply is low the drug is 'cut' with poisons because the junkie cannot distinguish one buzz from another. This drug also gives the underworld a clean, efficient, and safe way of murdering people, that is, to slip an overdose to even a casual user and that person unintentionally kills himself. The police write the death off as just another junkie who deserved what he got, the killer is safe.

#### THE BENIGN DRUGS

MESCALINE and PSILOCYBIN - Hallucinogenics, their full side-effects are not known but they have been used by Southwestern Indians for centuries in religious ceremonies and are legal for that use even now. There are no reports of harm resulting from these organic (plant extract) drugs.

MARIJUANA - Has been used by mankind in many parts of the world for thousands of years with no known adverse effects. It is absolutely impossible for a human to overdose. (Scientists can kill a mouse or a rat but not a cat or dog with massive overdoses.) It is a mild intoxicant (except in its stronger form, hashish) that unlike alcohol disengages aggression and enhances appetite. It has been used for a wide variety of medicinal purposes: cure of migraine headaches, reduction of pressure in the eye, and one anti-sex Victorian doctor suggested Cannabis Sativa tea to prevent little boys from masturbating. It produces a pleasant euphoric sensation and seems to have the lowest long term side-effect coefficient around.

Hopefully as a result of the above descriptions, any terror that you may have had about drugs has subsided and a more relevant horror has replaced it. That horror should be a reaction to the effects that the present legal structure has caused. It is important to realize that a percentage of any society cannot function within that structure. Whether they be alcoholics or 'smack freaks', they do exist. It is also important to remember the corollary to that postulate, i.e. in a sound society that percentage will be low. Therefore, we must work to solve the social problems that force weak people to seek an escape.

Due to the large profits, the illegal drug trade cannot presently be stopped and all such attempts backfire. This has resulted in greater corruption and more public animosity towards the police, who should be out chasing the real criminals rather than the small-time

users and dealers. 'Crackdowns' also help to establish the same sort of social climate for groups such as 'hippies' as that which existed in Nazi Germany for 'undesirables'.

This situation cannot be made to go away. The arrest and conviction of thousands of users will only clog the courts and jails, demanding expensive new prison facilities with all their social problems, and allow for the harrassment of certain groups. Such a solution is ridiculous.

England has proved that crime is curtailed and that a greater percentage of addicts can be recovered with free heroin clinics. Therefore, it is the duty of the Alaskan legislators to take an enlightened view of the problems and solutions and set a precedent that the US as a nation can follow. We must recognize that drugs are here to stay, that the most that can be accomplished is the control of quality, the PRICING OUT of the criminal market, and a greater tolerance and compassion for those who cannot seem to run their lives without some form of crutch.



Culver

**COUGHS**

The Sum of Great Expectorant Discharge Glyco-Heroin (Smith) as a Powerful Solvent Serves in All Respects to the Preparation of Opium, Morphine, Cocaine and Other Heroin and substituted of the toxic or depressing effects which characterize the latter when given in excess sufficient to reduce the reflex irritability of the bronchial, tracheal and laryngeal mucous membranes.

**THE PROBLEM**  
of coughing Heroin in the past has been known to give the  
the only relief of the cough and to be the only relief of the  
of the most serious cases of the most common kind

**HAS BEEN SOLVED BY**  
the pharmaceutical compound known as

**GLYCO-HEROIN (SMITH)**

The results attained with Glyco-Heroin (Smith) in the treatment of coughing Heroin in the past has been known to give the only relief of the cough and to be the only relief of the most serious cases of the most common kind that have appeared in the medical journals within the last few years.

Scientifically Comounded, Scientifically Conceived, GLYCO-HEROIN (SMITH) simply stands up in its merits before the profession, ready to prove its efficacy to all who are interested in the progress of the art of medicine.

**BAYER PHARMACEUTICAL PRODUCTS.**

Send for samples and literature for

**ASPIRIN**  
The substitute for the salicylates

**HEROIN**  
The sedative for coughs

**LYCETOL**  
The uric acid solvent

**SALOPHEN**  
The safe, sedative and antineuralgic

**TRIOXAL**

**FABRIKUM OF ELBERFELD CO.**

**40 STONE ST. NEW YORK.**

On left, is an opium den in New York's Chinatown in the 1890's. Bayer product, top right, appeared in a 1900 issue of Medical Mirror. Glyco-heroin appeared in The Medical Examiner and Practitioner, October, 1903.

# Maybe the Answer



By ALBERT J. CARHART

LINDEN, N. J.—Take the profit out of heroin. Give injections of heroin by a qualified physician in a government clinic, free of charge to any addict that walks in and asks for one. Have a federally funded, city-run neighborhood clinic staffed by a qualified physician, a registered nurse and a police officer. The heroin confiscated from the pushers and suppliers would be tested in a laboratory and marked, bagged in envelopes, and issued to clinics daily. A doctor's signature would be required.

Our problem is not junkies using heroin but the demand and supply of heroin. If there is no demand then it naturally follows that there will be no supply. The arrest of suppliers and pushers is not the answer. When this happens these people usually do not get a jail sentence or the trial is so far in the future that it borders on the ridiculous. If they do get a jail term, one of their underlings immediately takes over and the business usually increases. Most pushers are addicts themselves, but if a supplier sees that the thousands of per cent of profit is no longer there he will cease.

If you want to cut your crime rate by better than 50 per cent, decrease your jail overcrowding, stop 95 per cent of your bailed addicts from jumping bail and tying up the court system, put a stop to plea bargaining or even a suspended sentence, create such a narcotic program. Put thousands of policemen on the street fighting crime instead of chasing junkies.

No overdoses, no deaths, no hepatitis, reduction in crime, suppliers out of business, millions of tax dollars saved, people even taking an evening walk.

Methadone is not the answer. It is a habit-forming morphine, only used as a brake until the addict can get his \$100 a day habit back down to \$15. It also has caused deaths of addicts and children. It is being black-

marketed in New Jersey to a large extent by doctors who are either not aware of its potential (they give the prescriptions) or are money hungry.

If an addict needs a fix he can go into any neighborhood government clinic and get one, two, three shots a day if he needs them and the doctor confirms this by a test. If the addict after a short time wishes to participate in a rehabilitation program of employment or vocation instructions he need merely request the assistance. An addict has to get away from addicts if he wants to beat the needle.

In a work program the addict gets to meet his peers of yesteryear, pre-heroin. He talks about work problems, ball games, television. He knows he can get his shot whenever he needs it at the clinic. Much to his surprise, after a few weeks he even forgets that so many hours have passed and he did not feel the euphoric need for a pick-up. He solved his problems by engaging in problems and decisions that are made daily by all of us. The criminal acts of addicts are not caused by the addiction. The need for money to get the drug causes the addict to commit criminal acts. If he was given as many free fixes a day as he needs to cope with his problems, he would not need to commit criminal acts.

Heroin addiction is a peer-group, gregarious action. The first step in treatment is getting the addict away from his influences and solving some of his problems, such as the need to struggle for the procurement of the fix and what to do with his free time. Show him his capabilities. Teach him to surface his potential. Teach him a vocation. Keep him under close supervision and away from his "friends." His "friends" will get him back on the needle quicker than it takes you to read this article.

Many addicts are not heroin addicts in the true sense—they are needle addicts satisfied with such a low percentage amount of heroin that it could

not possibly give them a euphoric feeling. These addicts are more addicted to the challenge of the struggle or the hustling of the next fix than to the fix itself. In plain English, their joy is in the hunt, not in the result.

Who would be for clinics?

The addict, of course. He would be free of worry about his next fix. He

need not spend every waking minute conniving or taking chances that could land him in jail. He could lead an almost normal life and eventually he would become a normal average citizen.

All members of law enforcement organizations and the courts. They would no longer have to spend days

and weeks at the impossible job of making useless arrests of persons we all feel are not criminals.

The doctors and hospitals. They would not fear robbery and theft of narcotics by addicts. The time spent on addicts because of overdoses to themselves and others could be spent on physically sick patients.

What should be started in the United States or in one of the more progressive of the fifty states is a Civilian Conservation Corps not unlike the C.C.C. in the nineteen-thirties. These hundreds of thousands of our American youths need our help now. Set up

camp away from the cities. There is plenty of conservation work to be done in this country: erosion repair, tree planting, fire trails, etc. A year's service could lead to a trade for an addict. A year's wages when he leaves can help him to become a productive member of society. Better a supervised work camp, doing constructive work for the betterment of the country, than a guarded prison camp at the expense of taxpayers.

Albert J. Carhart is a police lieutenant who has been on the Linden, N. J., force since 1947.



# RECORDS



# CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James A. Smith  
Signature of Camera Operator

4/26/89  
Date

COMMITTEE REPORT

3/17/73

SENATE

Mr. President:

Date 3/30/73

The Committee on FINANCE has had HR 363 amended  
Dept. Health & Social Services, office of drug abuse, drug treatment  
under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- (X) recommends it DO PASS WITH ATTACHED AMENDMENT(S) *Senate Finance*
- ( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- ( ) reports it back WITHOUT RECOMMENDATION
- ( ) "other"

Members signing the Majority report:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

W. J. ... Chairman

A M E N D M E N T

Offered in the SENATE

By Senate Finance

To: \_\_\_\_\_ SENATE BILL NO. \_\_\_\_\_

\_\_\_\_\_ HOUSE BILL NO. 207 am

AMENDMENT: Page 1 Line 11

Delete [\$500,000] and insert \$300,000.

Introduced: 2/23/73  
Referred: Health, Education and  
Social Services and Finance

BY HARTIG, J. MILLER, BANFIELD, CARROL,  
ELIASON, FRITZ, HACKNEY, HUBER, LAKTONEN,  
MCGILL, MALONE, MEEKINS, PARKER, URION,  
ORSINI, GARDINER, BEIRNE, M. MILLER,  
RANDOLPH AND SAYLORS

1 IN THE HOUSE

2 HOUSE BILL NO. 263

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Health and Social Services, office of drug  
8 abuse, for drug treatment and rehabilitation; and  
9 providing for an effective date."

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

11 \* Section 1. The sum of \$500,000 is appropriated from the general fund to  
12 the Department of Health and Social Services, office of drug abuse, to con-  
13 tract with treatment facilities for medical methadone maintenance and with-  
14 drawal and to provide for other forms of treatment and rehabilitation of drug  
15 addiction and dependence.

16 \* Sec. 2. In utilizing the funds appropriated under sec. 1 of this Act,  
17 the Department of Health and Social Services shall consider and take  
18 advantage of any possible funding under governmental and private grants and  
19 matching fund programs.

20 \* Sec. 3. In contracting for services authorized under sec. 1 of this  
21 Act, the Department of Health and Social Services shall provide for third  
22 party payments whenever possible.

23 \* Sec. 4. The unexpended and unobligated portion of this appropriation  
24 lapses into the general fund June 30, 1974.

25 \* Sec. 5. This Act takes effect on the day after its passage and approval  
26 or on the day it becomes law without approval.

Introduced: 2/23/75  
Referred: Health, Education and  
Social Services and Finance

BY HARTIG, J. MILLER, BANFIELD, CARROL,  
ELIASON, FRITZ, HACKNEY, HUBER, LAKTONEN,  
MCGILL, MALONE, MEEKINS, PARKER, URION,  
ORSINI, GARDINER, BEIRNE, M. MILLER,  
RANDOLPH AND SAYLORS

1 IN THE HOUSE

2 HOUSE BILL NO. 263

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Health and Social Services, office of drug  
8 abuse, for drug treatment and rehabilitation; and  
9 providing for an effective date."

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

11 \* Section 1. The sum of \$500,000 is appropriated from the general fund to  
12 the Department of Health and Social Services, office of drug abuse, to con-  
13 tract with treatment facilities for medical methadone maintenance and with-  
14 drawal and to provide for other forms of treatment and rehabilitation of drug  
15 addiction and dependence.

16 \* Sec. 2. If federal or other program receipts are received for expend-  
17 iture on the drug treatment and rehabilitation program, the appropriated  
18 state funds shall be reduced by the amount of the receipts, provided the  
19 reductions are not inconsistent with applicable federal statutes.

20 \* Sec. 3. In utilizing the funds appropriated under sec. 1 of this Act,  
21 the Department of Health and Social Services shall consider and take  
22 advantage of any possible funding under governmental and private grants and  
23 matching fund programs.

24 \* Sec. 4. In contracting for services authorized under sec. 1 of this  
25 Act, the Department of Health and Social Services shall provide for third  
26 party payments whenever possible.

27 \* Sec. 5. The unexpended and unobligated portion of this appropriation  
28 lapses into the general fund June 30, 1974.

29 \* Sec. 6. This Act takes effect on the day after its passage and approval

1 or on the day it becomes law without approval.

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# LAWS OF ALASKA

1973

Source

HB 263 am (FCC)

Chapter No.

89

## AN ACT

Making a special appropriation to the Department of Health and Social Services, office of drug abuse, for drug treatment and rehabilitation; and providing for an effective date.

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

\* Section 1. The sum of \$500,000 is appropriated from the general fund to the Department of Health and Social Services, office of drug abuse, to contract with treatment facilities for medical methadone maintenance and withdrawal and to provide for other forms of treatment and rehabilitation of drug addiction and dependence.

\* Sec. 2. If federal or other program receipts are received for expenditure on the drug treatment and rehabilitation program, the appropriated state funds shall be reduced by the amount of the receipts, provided the reductions are not inconsistent with applicable federal statutes.

\* Sec. 3. In utilizing the funds appropriated under sec. 1 of this Act, the Department of Health and Social Services shall consider and take advantage of any possible funding under governmental and private grants and matching fund programs.

\* Sec. 4. In contracting for services authorized under sec. 1 of this Act, the Department of Health and Social Services shall provide for third party payments whenever possible.

\* Sec. 5. The unexpended and unobligated portion of this appropriation lapses into the general fund June 30, 1974.

\* Sec. 6. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

Approved by governor: May 4, 1973  
Actual effective date: May 5, 1973

CS "An Act relating to the exercise of the power  
 HB of eminent domain by certain municipalities;  
 381 and providing for an effective date."

was read the first time and referred to the State Affairs  
 Committee.

SPECIAL COMMITTEE REPORTS

April 3, 1973

Mr. President  
 Mr. Speaker

HB The Conference Committee [with powers of free conference]  
 263 which has had HOUSE BILL NO. 263 amended and HOUSE BILL  
 am NO. 263 amended by the Senate (appropriation for drug  
 abuse and treatment) under consideration, recommends that  
 HB HOUSE BILL NO. 263 amended, be adopted, thus adopting  
 263 HOUSE BILL NO. 263 amended (FCC).

am S

Senate members

House members

s/ Senator Thomas, Chairman

s/ Mrs. Eberne, Chairman

s/ Senator Croft

s/ Mr. Hartig

s/ Senator Harris

s/ Mr. Malone

The following letter of intent accompanied the report:

LETTER OF LEGISLATIVE INTENT

Re: House Bill No. 263

The intent of HB 263 is to provide for drug treatment and  
 rehabilitation.

In order that a continuing and complete evaluation of the  
 program can be accomplished, the Department shall:

(1) Forward to the Budget and Audit Committee  
 copies of all contracts and agreements entered into  
 by the Department encompassing drug treatment and  
 rehabilitation.

(2) In regards to the program, provide to the  
 Budget and Audit Committee a monthly status report  
 of all expenditures, remaining appropriation bal-  
 ances and the record of any funding received under  
 governmental and private grants and matching fund  
 programs.

(3) In addition to the above, provide the Committee with a monthly record of the transfer of any funds within the Department for drug treatment and rehabilitation.

HB  
263  
am  
HB  
263  
am  
S

Senate Conference

House Conference

Lowell Thomas, Jr.  
Senator Lowell Thomas, Jr.  
Chairman

Helen D. Beirne  
Representative Helen Beirne  
Chairman

Jess Harris  
Senator Jess Harris

Bob Hartig  
Representative Bob Hartig

Chauncy Croft  
Senator Chauncy Croft

J. Hugh Malone  
Representative J. Hugh Malone

Senator Thomas moved for adoption of the above report. On voice vote, the report was adopted, thus adopting HOUSE BILL NO. 263 amended (FCC).

HB  
263  
am  
(FCC)

The Secretary was instructed to so notify the House.

"April 5, 1973

Mr. President  
Mr. Speaker

The Conference Committee [with powers of free conference] which has had COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 52 and SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 52 amended by the Senate (state capital improvement advance planning fund) under consideration recommends that SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 52 amended by the Senate, be adopted, thus adopting SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 52 amended by the Senate (FCC).

C SHB  
52  
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Senate members

House members

s/ Senator K. Miller, Chairman

s/Mrs. Banfield, Chairman

s/ Senator Rettig

s/ Mr. Saylor

s/ Senator Croft

s/ Mrs. Fischer

Senator K. Miller moved and asked unanimous consent that the above report be adopted. Without objection, it was so ordered, thus adopting SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 52 am S (FCC). The Secretary was instructed to so notify the House.

SCS  
C SHB  
52  
am S  
(FCC)

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

POUCH H -- BUREAU 99801

## MONTHLY DRUG TREATMENT AND REHABILITATION PROGRAM STATUS REPORT

The following is submitted in compliance with paragraphs (2) and (3) of the Legislative Letter on Intent regarding House Bill #263:

Report Period: May 30, 1973 to June 30, 1973

Contract/Grant Number: H.B. 263, Special Legislative Appropriation

Agency/Organization: Department of Health and Social Services,  
State Office of Drug Abuse

Program Purpose: In addition to other duties, administer and evaluate the grants contracted with drug treatment and rehabilitation programs in the State of Alaska.

<u>Amount of Appropriation under H.B. 263:</u>		<u>\$500,000.00</u>
<u>Cumulative Expenditures during previous Months:</u>	<u>-0-</u>	
<u>Expenditures for Reporting Month:</u>	<u>\$18,010.40</u>	
<u>Balance Remaining:</u>		<u>\$481,989.60</u>
<u>Other Funds Received:</u>		
<u>Private:</u>	<u>-0-</u>	
<u>Governmental:</u>	<u>-0-</u>	
<u>Matching Funds:</u>	<u>-0-</u>	
<u>Transfers from other Departments to this program:</u>	<u>-0-</u>	
<u>Balance and of Month ending Month:</u>		<u>\$481,989.60</u>

Director

FISCAL NOTE  
First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 263/SB 171  
 Title: Appropriation to Office of Drug Abuse  
 Requested by: Legislative Finance Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Health and Social Services Program: Office of Drug Abuse

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Drug Abuse  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES						
200 TRAVEL		5,000				
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		495,000				
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND		500,000				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- 100 - This fiscal note assumes that administrative funds contained in FY 1974 Budget Request would be available to provide support for the administration of these funds.
- 200 - Travel for Governor's Advisory Board, which must meet to review grants, prioritize them for funding, review evaluations at year's end and recommend successful projects for refunding.
- 700 - Grants to communities and programs for treatment and rehabilitation programs. Grant proposals will be submitted to the Office of Drug Abuse. The Governor's Advisory Board will review recommendations concerning funding level, program effectiveness and priorities, and will help determine grantees.

IV. ATTACHMENTS

V. DATE: \_\_\_\_\_ PREPARED BY: Mary Belle Sullivan

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

COMMITTEE REPORT

3/21/73

SENATE

Mr. President:

Date \_\_\_\_\_

The Committee on FINANCE has had CS 265 relating to the teachers' retirement system under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

Original sponsor: Rules Committee by  
request of the Governor

Offered: 3/14/73  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 265

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system."

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

8 \* Section 1. AS 14.25.040 is amended to read:

9 Sec. 14.25.040. MEMBERSHIP. After June 30, 1955, a teacher  
10 contracting for service with an employer [, EXCEPT ONE WHOSE ATTAINED  
11 AGE IN COMPLETED YEARS ON THE JULY 1 FALLING ON OR AFTER THE DATE OF  
12 COMMENCEMENT OF SERVICE, LESS THE NUMBER OF YEARS OF CREDITABLE  
13 SERVICE BEFORE THAT JULY 1, EXCEEDS 50, AND] who can complete eight  
14 years of membership service or 15 years total service, the last five  
15 of which are membership service, by the first day of July following  
16 his 65th birthday, is subject to this chapter.

17 \* Sec. 2. AS 14.25.055 is amended to read:

18 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY A TEACHER. If a  
19 teacher is married or has a minor child and wishes to make his spouse  
20 or minor child eligible for a spouse's pension or a survivor's allow-  
21 ance, he may elect to make a supplemental contribution of an additional  
22 one per cent of his base salary within 90 days of his entry into  
23 participation in the system, [BUT NOT LATER THAN NOVEMBER 1, 1970,]  
24 or within 90 [30] days following the first day [AFTER OCTOBER 1, 1970,]  
25 on which he is entitled to make the election, or within 90 days of  
26 his marriage, or within 90 days of the birth or adoption of a child  
27 dependent upon him [WHICHEVER IS LATER].

28 \* Sec. 3. AS 14.25.060(c) is amended to read:

29 (c) If a teacher has creditable outside or Bureau of Indian

Affairs (BIA) service he is indebted, in addition to the contributions required by sec. 50 of this chapter, as follows:

(1) If, at the time of becoming a member of the retirement system, a teacher has no membership service, his indebtedness is seven per cent of the base salary paid at the time of first becoming employed as a teacher under this chapter, multiplied by the total number of years of his creditable outside and BIA service at the time of becoming a member. The combined total of outside and BIA service claimed may not exceed 15 years; however, no more than 10 years outside service may be claimed. Compound interest at the rate prescribed by regulation shall be added to the indebtedness beginning July 1, 1963, or at the time of first becoming employed as a teacher, whichever is later, to the date of payment or date of retirement, whichever occurs first.

(2) If a teacher, after becoming a member of this retirement system, discontinues active membership and subsequently desires to be reinstated and to receive credit for outside service accumulated in the interim, his indebtedness to the retirement fund for the additional credit shall be computed as seven per cent of the base salary received upon reinstatement multiplied by the number of years of interim outside and BIA service. Compound interest at the rate prescribed by regulation shall be added to the indebtedness beginning on July 1, 1963, or at the time of reinstatement, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

\* Sec. 4. AS 14.25.065 is amended to read:

Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contributions deducted in accordance with secs. 50 and 55 of this chapter shall be transmitted to the retirement fund no later than 15 days

1 [THE 15TH OF THE MONTH] following the close of the payroll period,  
2 with the final contributions due for any school year transmitted no  
3 later than July 15 [AUGUST 31].

4 (b) The contributions of employers under sec. 70 of this chapter  
5 shall be transmitted by a school district to the administrator at the  
6 close of each pay period. If the contributions are not submitted  
7 within 15 days of the close of each payroll period, the amount of the  
8 contributions shall be deducted by the Department of Education from  
9 the state funds due the school district and the amount so deducted  
10 shall be transmitted to the administrator for deposit in the retire-  
11 ment fund. The University of Alaska shall forward its contribution  
12 to the administrator within 15 days of the close of each payroll  
13 period for deposit in the retirement fund. If the contributions are  
14 not submitted within 15 days of the close of each payroll period, the  
15 amount of the contributions shall be deducted by the commissioner of  
16 administration from any state funds due the University of Alaska and  
17 the amount deducted shall be transmitted to the administrator for  
18 deposit in the retirement fund.

19 \* Sec. 5. AS 14.25.070 is amended to read:

20 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall  
21 contribute to the retirement fund [EITHER (1)] an amount equal to one-  
22 half the percentage, as certified by the administrator, of the sum  
23 total of the base salaries of all teachers that is required in addition  
24 to teacher contributions to provide the benefits of this chapter times  
25 the sum total of the base salaries paid to teachers by the employer [,  
26 OR (2) AN AMOUNT EQUAL TO FIVE PER CENT OF THE SUM TOTAL OF THE BASE  
27 SALARIES PAID TO TEACHERS BY THE EMPLOYER, WHICHEVER IS LESS. THE  
28 CONTRIBUTIONS SHALL BE TRANSMITTED TO THE ADMINISTRATOR AT THE CLOSE  
29 OF EACH PAY PERIOD. IF THE CONTRIBUTIONS ARE NOT SUBMITTED, THE

CONTRIBUTIONS SHALL BE DEDUCTED BY THE DEPARTMENT OF EDUCATION FROM STATE FUNDS DUE THE SCHOOL DISTRICTS AND TRANSMITTED TO THE TEACHERS' RETIREMENT SYSTEM FOR DEPOSIT IN THE RETIREMENT FUND. THE UNIVERSITY OF ALASKA SHALL FORWARD ITS CONTRIBUTION TO THE ADMINISTRATOR AT THE CLOSE OF EACH PAY PERIOD FOR DEPOSIT BY HIM IN THE RETIREMENT FUND].

\* Sec. 6. AS 14.25.080 is amended to read:

Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legislature may appropriate to the retirement fund an amount equal to [EITHER] one-half the percentage, as certified by the administrator, of the amount required in addition to teacher contributions to provide the benefits of this chapter [OR AN AMOUNT EQUAL TO FIVE PER CENT OF THE TEACHERS' BASE SALARIES, WHICHEVER IS LESS]. It may be appropriated annually and deposited in the retirement fund monthly.

\* Sec. 7. AS 14.25.090 is repealed.

\* Sec. 8. AS 14.25.110 is repealed and re-enacted to read:

Sec. 14.25.110. ELIGIBILITY FOR SERVICE RETIREMENT. (a) A teacher is eligible for normal retirement if he has completed either (1) at least 15 years of creditable service, the last five of which have been membership service, and has attained the age of 60 years, or (2) at least eight years of membership service and has attained the age of 60 years, or (3) at least 30 years of creditable service, the last five of which have been membership service.

(b) A teacher is eligible for early retirement if he has completed either of the service requirements in (a)(1) or (a)(2) of this section and has attained the age of 55 years.

(c) A teacher who has completed either of the service requirements in (a)(1) or (a)(2) of this section and has attained the age of 65 years during the school year, shall be retired on the July 1

1 following his 65th birthday unless he is retained by request of his  
2 employer. Provisions of this subsection regarding compulsory retire-  
3 ment do not apply to personnel of the University of Alaska.

4 (d) A retired teacher who has been receiving a disability retire-  
5 ment salary is eligible for a service retirement salary upon attaining  
6 60 years of age.

7 (e) The burden is upon the applicant to prove eligibility for  
8 retirement benefits to the full satisfaction of the administrator.

9 \* Sec. 9. AS 14.25.120(a) is amended to read:

10 (a) Every teacher who has applied for retirement salary and who  
11 has satisfactorily shown his eligibility as provided in sec. 110 of  
12 this chapter, shall receive from the retirement fund, for each school  
13 year subsequent to the date of application, a retirement salary pay-  
14 able on the first day of each month, beginning the month following  
15 retirement.

16 \* Sec. 10. AS 14.25.120(c)(1) is amended to read:

17 (1) If the teacher is eligible for normal retirement as of  
18 [EITHER 60 YEARS OF AGE OR OLDER OR HAS 30 YEARS OF CREDITABLE SERVICE  
19 ON] the date on which the application for a retirement salary is filed  
20 and has paid into the retirement fund the full amount of his indebt-  
21 edness, his annual retirement salary is two per cent of his [HIGHEST]  
22 average base salary during any three of the last 10 years of member-  
23 ship service multiplied by the total number of years of creditable  
24 service [, AS DEFINED IN (F) OF THIS SECTION, MULTIPLIED BY THE TOTAL  
25 NUMBER OF YEARS OF CREDITABLE SERVICE], including credited fractional  
26 years.

27 \* Sec. 11. AS 14.25.120(c)(4) is amended to read:

28 (4) If the teacher is not eligible for normal retirement,  
29 but is eligible for early retirement, as defined in sec. 110(a) and

1 (b) of this chapter, [HAS NOT ATTAINED THE AGE OF 60 OR COMPLETED  
2 30 YEARS OF CREDITABLE SERVICE] on the date when application for  
3 retirement salary is filed, his [THE] annual retirement salary is the  
4 amount that would be due and owing to the teacher if he were at least  
5 60, [SHALL BE] reduced [ANNUALLY] by the amount derived from the  
6 following computations: multiply one-half of one per cent times the  
7 number of months, to the nearest month, by which the applicant's  
8 attained age on the date of filing application falls short of 60  
9 years, times the amount of annual retirement salary that would be due  
10 and owing the teacher if he were at least 60 years of age.

11 \* Sec. 12. AS 14.25.120(c)(8) is amended to read:

12 (8) During a [THE] period of re-employment following retire-  
13 ment, deductions from salary may be made at the option of the teacher  
14 for contributions to the retirement fund as provided in sec. 50 of  
15 this chapter. If deductions are made, the annual amount of retire-  
16 ment salary shall be increased when the teacher again retires from  
17 active membership service, by adding to the annual amount previously  
18 payable, an amount equal to two per cent of the teacher's base salary  
19 for the period of re-employment. However, if the teacher has not  
20 attained the age of 60 on the date when payment of retirement salary  
21 is resumed, the additional amount provided for in this paragraph shall  
22 be reduced [ANNUALLY] by the amount derived from the following com-  
23 putations: multiply one-half of one per cent times the number of  
24 months, to the nearest month, by which the teacher's attained age on  
25 the date of subsequent retirement falls short of 60 years, times the  
26 additional amount provided in this paragraph.

27 \* Sec. 13. AS 14.25.120(e) and (f) are repealed.

28 \* Sec. 14. AS 14.25.120(g) is amended to read:

29 (g) A teacher who retired before July 1, 1971, with at least 25

1 years of creditable service, at least 15 of which were membership  
2 service, and who is entitled to a retirement salary under either  
3 this retirement fund or the retirement fund of 1945, shall receive  
4 a service retirement salary [OF NOT LESS THAN \$375 A MONTH,] based  
5 on a minimum sum of \$15 per [A] month for each year of creditable  
6 service not including adjustments made under sec. 142 or sec. 143  
7 of this chapter. A teacher who retired before July 1, 1971, with  
8 less than 25 years of creditable service, and who is entitled to a  
9 retirement salary under either this retirement fund or the retirement  
10 fund of 1945, shall receive a service retirement salary of at least  
11 \$15 per [A] month for each year of credited service. If, on the date  
12 the teacher originally applied for retirement salary, the teacher  
13 elected option two as provided by (c)(2)(B) of this section as payment  
14 of his indebtedness or a reduced benefit in accordance with (c)(4) of  
15 this section, the amount of the dollar reduction shall remain in  
16 effect.

17 \* Sec. 15. AS 14.25.130(a) is amended to read:

18 (a) A teacher in membership service who has become permanently  
19 disabled, as defined in sec. 220 of this chapter, before age 60 and  
20 who has had five or more membership years may be retired by the  
21 administrator as of the first day of the month following the perma-  
22 nent disability. The administrator, after a report of medical  
23 examination of the teacher and other information the administrator  
24 may request has been submitted, shall certify that the teacher is  
25 physically or mentally incapacitated for the further performance of  
26 duty, and that the incapacity is likely to be permanent and that the  
27 teacher should be retired.

28 \* Sec. 16. AS 14.25.140(a) is amended to read:

29 (a) A teacher who becomes disabled on or after July 1, 1966 and

1 has applied for disability retirement salary shall receive from the  
2 retirement fund, during [FOR] each [SCHOOL] year subsequent to the date  
3 of application and certification by the administrator under sec. 130  
4 of this chapter, a disability retirement salary payable on the first  
5 day of each month, beginning the month following the disability.

6 \* Sec. 17. AS 14.25.140(c) is amended to read:

7 (c) The amount of the disability retirement shall be equal to 50  
8 per cent of the teacher's [HIS] base salary immediately before his  
9 becoming disabled. The disability retirement salary shall be increased  
10 by 10 per cent of the teacher's base salary at the date of disability  
11 for each minor child, up to a maximum of four minor children, until the  
12 first day of the month in which the child ceases to be a minor child or  
13 the disability retirement salary terminates, whichever occurs first.

14 \* Sec. 18. AS 14.25.142(b) is repealed.

15 \* Sec. 19. AS 14.25.143(a) is amended to read:

16 (a) When the administrator determines that the cost of living has  
17 increased and that the financial condition of the retirement fund per-  
18 mits, he may increase all service retirement and survivor's benefits  
19 salaries [THE PENSION PAYMENTS] to reflect this cost of living increase.

20 \* Sec. 20. AS 14.25.145 is amended to read:

21 Sec. 14.25.145. INTEREST ON INDIVIDUAL ACCOUNTS. [AS OF JULY 1,  
22 1962, WHEN A TEACHER BEGINS AT LEAST HIS THIRD YEAR OF MEMBERSHIP  
23 SERVICE, HIS ACCOUNT SHALL BE CREDITED WITH AN AMOUNT EQUAL TO THE  
24 INTEREST WHICH HIS ACCOUNT WOULD HAVE EARNED AT THE INTEREST RATES PRE-  
25 SCRIBED BY REGULATION DURING HIS FIRST TWO YEARS OF MEMBERSHIP SERVICE  
26 AND, IF NONE WAS PRESCRIBED DURING ANY PART OF THE PERIOD, AT THE  
27 INTEREST RATES SUBSEQUENTLY PRESCRIBED BY REGULATION FOR THAT PART.  
28 THEREAFTER, INTEREST] Interest shall be credited to each [A] teacher's  
29 account at the end of each school year at the rate prescribed by regu-

1 lation for that year.

2 \* Sec. 21. AS 14.25.150(1) is amended to read:

3 (1) A teacher leaving membership service [IF A TEACHER HAS  
4 NOT BEEN IN MEMBERSHIP SERVICE FOR MORE THAN TWO YEARS, HE] shall re-  
5 ceive his total accumulated contributions plus interest credited to  
6 his individual contribution account, less any amounts owing to the  
7 retirement fund because of previous withdrawals.

8 \* Sec. 22. AS 14.25.150(2) is repealed.

9 \* Sec. 23. AS 14.25.150(3) is amended to read:

10 (3) If a teacher who has received a refund of contributions  
11 is re-employed in membership service, he is, upon his re-employment,  
12 [BECOMES] indebted to the retirement fund in the amount of the  
13 refund, including interest paid him [, IF ANY, INCREASED BY THE AMOUNT,  
14 IF ANY, DEDUCTED FOR ADMINISTRATIVE EXPENSES]. This indebtedness to the  
15 retirement fund shall bear compound interest at the rate prescribed by  
16 regulation beginning July 1 following the date of re-employment to the  
17 date of repayment or the date of retirement of the teacher, whichever  
18 occurs first.

19 \* Sec. 24. AS 14.25.162(e) is amended to read:

20 (e) A person entitled to the survivor's allowance under this  
21 section and who resides in the state after the death of the teacher  
22 shall receive a cost of living allowance in addition to his survivor's  
23 allowance. The amount of this allowance shall be the amount determined  
24 by the administrator under sec. 142 of this chapter [IS DETERMINED BY  
25 MULTIPLYING THE SURVIVOR'S ALLOWANCE BY A PERCENTAGE DETERMINED BY THE  
26 ADMINISTRATOR NOT TO EXCEED 10 PER CENT OF THE SURVIVOR'S ALLOWANCE].  
27 The administrator may implement this subsection by regulations. [THE  
28 COST OF LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

29 \* Sec. 25. AS 14.25.162(f) is amended to read:

1 (f) When the administrator determines that the cost of living  
2 has increased and that the financial condition of the retirement fund  
3 permits, he may increase the survivor's allowance to reflect this cost  
4 of living increase. The amount of the increase shall be the amount  
5 determined by the administrator under sec. 143 of this chapter [EQUAL  
6 TO NOT MORE THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE  
7 DEATH OF THE TEACHER]. Increases accrue from the first of July next  
8 following the death of the teacher and shall be paid beginning the  
9 first of July of each year. The administrator is authorized to imple-  
10 ment this subsection by regulation.

11 \* Sec. 26. AS 14.25.164(b) is amended to read:

12 (b) The spouse's pension is payable on the first day of each  
13 month, commencing with the first day of the month coinciding with or  
14 next following the month in which the spouse attains age 60, unless the  
15 spouse is totally and permanently disabled, as defined in sec. 220  
16 of this chapter, before age 60. If the spouse is totally and permanent-  
17 ly disabled from engaging in a regular remunerative occupation or  
18 employment, the spouse's pension shall commence on the first of the  
19 month coinciding with or next following the teacher's death, or the  
20 date of disability, whichever is later. In the event that the spouse  
21 ceases to be totally and permanently disabled before age 60, the  
22 pension shall be suspended until the spouse again becomes eligible for  
23 the pension because of age. The payment on the first day of the month  
24 in which the spouse dies or remarries constitutes the last payment.

25 \* Sec. 27. AS 14.25.164(e) is amended to read:

26 (e) A person entitled to the spouse's pension under this section  
27 and who resides in the state after the death of the teacher shall re-  
28 ceive a cost of living allowance in addition to his spouse's pension.  
29 The amount of this allowance shall be the amount determined by the

1 administrator under sec. 142 of this chapter [IS DETERMINED BY MULTI-  
2 PLYING THE SPOUSE'S PENSION BY A PERCENTAGE DETERMINED BY THE ADMINI-  
3 STRATOR NOT TO EXCEED 10 PER CENT OF THE SPOUSE'S PENSION]. The admini-  
4 strator may implement this subsection by regulation. [THE COST OF  
5 LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

6 \* Sec. 28. AS 14.25.164(f) is amended to read:

7 (f) When the administrator determines that the cost of living has  
8 increased and that the financial condition of the retirement fund per-  
9 mits, he may increase the spouse's pension to reflect this cost of  
10 living increase. The amount of the increase shall be determined by  
11 the administrator under sec. 143 of this chapter [EQUAL TO NOT MORE  
12 THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE DEATH OF THE  
13 TEACHER]. Increases accrue from the first of July next following the  
14 death of the teacher and shall be paid beginning the first of July of  
15 each year. The administrator is authorized to implement this sub-  
16 section by regulation.

17 \* Sec. 29. AS 14.25.190 is amended to read:

18 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE RETIREMENT FUND. Ac-  
19 tuarial evaluations of the retirement fund shall be made at intervals  
20 of not more than five years and on the basis of the re-evaluations the  
21 administrator may recommend any necessary readjustment to the legis-  
22 lature. Actuarial and financial experience analyses shall be prepared  
23 and certified by a member of the American Academy of Actuaries.

24 \* Sec. 30. AS 14.25.220(3) is amended to read:

25 (3) "creditable service" means outside and Bureau of Indian  
26 Affairs (BIA) service not exceeding 15 [10] years, with outside service  
27 limited to 10 years, [AND IN STATE BIA SERVICE WITH NO LIMITATION ON  
28 YEARS,] plus all membership service as provided in (5) of this section;

29 \* Sec. 31. AS 14.25.220(15) is amended to read:

(15) "teacher" or "member" means a certified teacher, certified school nurse, principal, supervisor, or superintendent employed on a full-time or a part-time basis in a position having duties which normally require a year of service in the public schools of the state, the commissioner of education, supervisors within the Department of Education, and all full-time resident professional and administrative personnel of the University of Alaska [AS DESIGNATED BY THE BOARD OF REGENTS]; in case of doubt, [EXCEPT AS TO PERSONNEL OF THE UNIVERSITY OF ALASKA,] the administrator shall finally determine whether or not a person is a teacher as defined in this chapter;

\* Sec. 32. AS 14.25.220(16) is amended to read:

(16) "year of service" means membership service during the dates set for a school term under AS 14.03.030; fractional credit shall be given for membership service after July 1, 1967, during any school year as follows:

- (A) less than nine days, no credit;
- (B) nine days or more but less than 27 days, 0.1 years;
- (C) 27 days or more but less than 45 days, 0.2 years;
- (D) 45 days or more but less than 63 days, 0.3 years;
- (E) 63 days or more but less than 81 days, 0.4 years;
- (F) 81 days or more but less than 100 days, 0.5 years;
- (G) 100 days or more but less than 118 days, 0.6 years;
- (H) 118 days or more but less than 136 days, 0.7 years;
- (I) 136 days or more but less than 154 days, 0.8 years;
- (J) 154 days or more but less than 172 days, 0.9 years;
- (K) 172 days or more, 1.0 years; if service is per-

formed on a part-time basis, one-half credit shall be given for each day of service [1969, ACCORDING TO THE RATIO THAT THE NUMBER OF DAYS OF SERVICE BEARS TO 180 DAYS; IF SERVICE IS PERFORMED ON A PART-TIME BASIS,

FRACTIONAL CREDIT SHALL BE GIVEN ACCORDING TO THE RATIO THAT THE NUMBER OF HOURS OF EMPLOYMENT BEARS TO THE NUMBER OF HOURS OF EMPLOYMENT HAD THE SERVICE BEEN PERFORMED ON A FULL-TIME BASIS];

\* Sec. 33. AS 14.25.220 is amended by adding new paragraphs to read:

(23) "normal retirement" means retirement after:

(A) completing at least 15 years of creditable service, the last five of which have been membership service, and attaining the age of 60 years; or

(B) completing at least eight years of membership service and attaining the age of 60 years; or

(C) completing at least 30 years of creditable service, the last five of which are membership service;

(24) "early retirement" means retirement after attaining the age of 55 years and completing either:

(A) at least 15 years of creditable service, the last five of which have been membership service, or

(B) at least eight years of membership service;

(25) "compulsory retirement" means involuntary retirement after attaining the age of 65 and completing either 15 years of creditable service, the last five of which have been membership service, or eight years of membership service, and failure of the teacher's employer to request that the teacher be retained;

(26) "permanent disability" means a physical or mental condition which, in the judgment of the administrator, based upon medical reports and other evidence satisfactory to the administrator, presumably prevents an employee from satisfactorily performing his usual duties for his employer or the duties of another position or job which an employer makes available and for which the employee is qualified by training or education.

HB 265

February 23, 1973

The Honorable Tom Fink  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature I am transmitting a bill relating to the Teachers' Retirement System.

The bill provides for numerous technical changes which will enhance the ability to administer efficiently the Teachers' Retirement System.

In addition, this bill contains several substantive changes, including an increase of the maximum employers' contribution rate, amendment of the manner in which arrearages, retroactive contributions and cost-of-living allowances are funded; and provision for crediting interest to members' contributions during the first two years of service.

The proposed increase in the maximum contribution rate will enable the Teachers' Retirement Fund to remain on a fully funded basis if a rate increase is considered necessary in the near future. The bill increases the existing statutory maximum school district contribution from the existing rate of 5 per cent to a new rate of 5 1/2 per cent of applicable payroll. The maximum payable by the State of Alaska will be increased to the same percentage. It has been the practice of the State to fully fund the cost of future liabilities of the Teachers' Retirement System when it is actuarially determined that an increased employer contribution rate is necessary to cover future benefits. It is desirable to continue this practice. The present combined employer contribution rate has reached the existing statutory maximum of 10 per cent. An increase in the maximum combined rate to 11 per cent as contemplated in the bill will enable the Teachers' Retirement Fund to remain fully funded should a modest rate increase be considered necessary.

The Honorable Tom Fink -2- February 23, 1973

Another section of this bill provides that the future funding of the Teachers' Retirement System will be made exclusively from the combined employee-employer contribution rate. At the present time, arrearage payments, retroactive contributions and cost-of-living allowances are paid from the general fund. It is appropriate that all costs related to the Teachers' Retirement System be funded through an actuarially calculated contribution rate rather than through separate sources of funding. Furthermore, the inclusion of these costs in the contribution rate will permit them to be amortized over a period of years rather than paid for separately within the year in which they are incurred.

In addition, this bill provides for the crediting of interest on members' contributions on July 1 of each year, commencing with the first year of employment. This interest payment will be a modest benefit increase; however, it will not have a significant cost impact on the Teachers' Retirement System. It will contribute to more efficient administrative procedures.

The numerous technical amendments contained in this bill are intended to reduce the confusion and misinterpretations of the existing statutes. An effort has been made through these amendments to provide for clarity and consistency in language.

Sincerely,

William A. Egan  
Governor

The Legislature of the State of Alaska  
 FISCAL NOTE  
 First Session - Eighth Legislature

I. REQUEST CS  
 Bill Identification: CS for HB 265  
 Title: Teachers' Retirement Revision  
 Requested by: Legislative Finance Date: March 19, 1973  
 Return Date Requested: \_\_\_\_\_  
 Agency: Retirement Section Program: State Operated Schools  
 Dept. of Education, University of Alaska Dept. of Administration

II. FISCAL DETAIL  
 Budget Request Unit(s) Affected: \_\_\_\_\_  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	-0-	4.8	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
100 BENEFITS COST	-0-	(134.0)	-0-	-0-	-0-	-0-
TOTAL	-0-	4.8	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	86.4	-0-	4.1	-0-	-0-	-0-	-0-
FEDERAL FUNDS	14.8	-0-	.7	-0-	-0-	-0-	-0-
OTHER		-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/0	/1*	/0	/0	/0	/0
MAN MONTHS (P./T.)	/0	/1*	/0	/0	/0	/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
 Bill assumed to be effective July 1, 1973  
 -See Attachment No. 1

IV. ATTACHMENTS  
 1. Financial Breakdown  
 \* 2. Fiscal Note for HB 255

V. DATE: March 9, 1973 PREPARED BY: *Robert Miller*

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

ATTACHMENT

HOUSE BILL 265

House Bill 265 will have an effect on the State Budget and a separate effect on the Budgets of the School Districts.

The net effect to the State Budget will be to reduce the dollar amount spent. There are three areas of budgetary consideration:

1. The application of a \$15.00 per month minimum to all teachers retired before July 1, 1971 for service beyond 25 years of service. (An inclusion of HB 255)
2. The movement of the 10% Cost of Living Allowance payments from the State General Fund into the Retirement Fund.
3. The cessation of the State matching of arrearage contributions as this match has been included in the employer contribution rate.

STATE COSTS:

Item 1 - .13% increase in contribution rate or	\$76,710.00
Item 2 - (a) A cessation of a General Fund	
Appropriation of (Est. F.Y. '73)	-90,000.00
(b) .09% increase in contribution rate	
to State	<u>53,100.00</u>
	-36,900.00
Item 3 - Termination of State Arrearage	
Appropriations	<u>-173,884.00</u>

STATE COST OF BENEFITS NET BUDGETARY EFFECT:  
(Item 3 + Item 2 - Item 1)

-134,084.00

Plus a required Administrative Cost for Item 1  
See HB 255 Fiscal Note

4,800.00

SCHOOL DISTRICTS COST

Items 1 and 2b apply only or a total increase of .22% of covered payroll.

FISCAL NOTE  
First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 255  
 Title: Teachers' Retirement  
 Requested by: Legislative Finance Date: March 2, 1973  
 Return Date Requested: 3/15/73  
 Agency: Retirement Section Program: Teachers' Retirement

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Department of Education, State Operated  
 A. EXPENDITURES: (Thousands of dollars) Schools, Univ. of Alaska

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	4.8	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-
100 BENEFITS COST	100.0	105.0	110.3	115.8	121.6
TOTAL					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	86.4%	86.7	86.4	90.7	95.3	100.0	105.0
FEDERAL FUNDS	14.6%	14.7	14.6	15.3	16.1	16.9	17.7
OTHER	-0-	-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/ 1	0 /	0 /	0 /	0 /	0 /
MAN MONTHS (P./T.)	/ 1	0 /	0 /	0 /	0 /	0 /

Plus additional time of the full time staff for 1/2 a man month

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section II.)

The Personnel Time involved affects the Chief Accountant and at least one Benefit Field Representative with clerical support to recalculate benefits already computed under the existing formula.

The purpose of this Bill is to alter an interpretation of Senate Bill 290 passed last year. The new interpretation would create a higher minimum benefit for some teachers and therefore increase costs by .0013% of payroll or approximately \$100,000.00 per year total, or \$77,000.00 to the state and 23,000.00 to the school districts.

IV. ATTACHMENTS

V. DATE: 3/15/73

PREPARED BY: [Signature]

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Original sponsor: Rules Committee by  
request of the Governor

Offered: 3/14/73  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 265

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system."

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

8 \* Section 1. AS 14.25.040 is amended to read:

9 Sec. 14.25.040. MEMBERSHIP. After June 30, 1955, a teacher  
10 contracting for service with an employer [, EXCEPT ONE WHOSE ATTAINED  
11 AGE IN COMPLETED YEARS ON THE JULY 1 FALLING ON OR AFTER THE DATE OF  
12 COMMENCEMENT OF SERVICE, LESS THE NUMBER OF YEARS OF CREDITABLE  
13 SERVICE BEFORE THAT JULY 1, EXCEEDS 50, AND] who can complete eight  
14 years of membership service or 15 years total service, the last five  
15 of which are membership service, by the first day of July following  
16 his 65th birthday, is subject to this chapter.

17 \* Sec. 2. AS 14.25.055 is amended to read:

18 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY A TEACHER. If a  
19 teacher is married or has a minor child and wishes to make his spouse  
20 or minor child eligible for a spouse's pension or a survivor's allow-  
21 ance, he may elect to make a supplemental contribution of an additional  
22 one per cent of his base salary within 90 days of his entry into  
23 participation in the system, [BUT NOT LATER THAN NOVEMBER 1, 1970,]  
24 or within 90 [30] days following the first day [AFTER OCTOBER 1, 1970,]  
25 on which he is entitled to make the election, or within 90 days of  
26 his marriage, or within 90 days of the birth or adoption of a child  
27 dependent upon him [WHICHEVER IS LATER].

28 \* Sec. 3. AS 14.25.060(c) is amended to read:

29 (c) If a teacher has creditable outside or Bureau of Indian

Affairs (BIA) service he is indebted, in addition to the contributions required by sec. 50 of this chapter, as follows:

(1) If, at the time of becoming a member of the retirement system, a teacher has no membership service, his indebtedness is seven per cent of the base salary paid at the time of first becoming employed as a teacher under this chapter, multiplied by the total number of years of his creditable outside and BIA service at the time of becoming a member. The combined total of outside and BIA service claimed may not exceed 15 years; however, no more than 10 years outside service may be claimed. Compound interest at the rate prescribed by regulation shall be added to the indebtedness beginning July 1, 1963, or at the time of first becoming employed as a teacher, whichever is later, to the date of payment or date of retirement, whichever occurs first.

(2) If a teacher, after becoming a member of this retirement system, discontinues active membership and subsequently desires to be reinstated and to receive credit for outside service accumulated in the interim, his indebtedness to the retirement fund for the additional credit shall be computed as seven per cent of the base salary received upon reinstatement multiplied by the number of years of interim outside and BIA service. Compound interest at the rate prescribed by regulation shall be added to the indebtedness beginning on July 1, 1963, or at the time of reinstatement, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

\* Sec. 4. A. 14.25.065 is amended to read:

Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contributions deducted in accordance with secs. 50 and 55 of this chapter shall be transmitted to the retirement fund no later than 15 days

1 [THE 15TH OF THE MONTH] following the close of the payroll period,  
2 with the final contributions due for any school year transmitted no  
3 later than July 15 [AUGUST 31].

4 (b) The contributions of employers under sec. 70 of this chapter  
5 shall be transmitted by a school district to the administrator at the  
6 close of each pay period. If the contributions are not submitted  
7 within 15 days of the close of each payroll period, the amount of the  
8 contributions shall be deducted by the Department of Education from  
9 the state funds due the school district and the amount so deducted  
10 shall be transmitted to the administrator for deposit in the retire-  
11 ment fund. The University of Alaska shall forward its contribution  
12 to the administrator within 15 days of the close of each payroll  
13 period for deposit in the retirement fund. If the contributions are  
14 not submitted within 15 days of the close of each payroll period, the  
15 amount of the contributions shall be deducted by the commissioner of  
16 administration from any state funds due the University of Alaska and  
17 the amount deducted shall be transmitted to the administrator for  
18 deposit in the retirement fund.

19 \* Sec. 5. AS 14.25.070 is amended to read:

20 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall  
21 contribute to the retirement fund [EITHER (1)] an amount equal to one-  
22 half the percentage, as certified by the administrator, of the sum  
23 total of the base salaries of all teachers that is required in addition  
24 to teacher contributions to provide the benefits of this chapter times  
25 the sum total of the base salaries paid to teachers by the employer [,  
26 OR (2) AN AMOUNT EQUAL TO FIVE PER CENT OF THE SUM TOTAL OF THE BASE  
27 SALARIES PAID TO TEACHERS BY THE EMPLOYER, WHICHEVER IS LESS. THE  
28 CONTRIBUTIONS SHALL BE TRANSMITTED TO THE ADMINISTRATOR AT THE CLOSE  
29 OF EACH PAY PERIOD. IF THE CONTRIBUTIONS ARE NOT SUBMITTED, THE

1 CONTRIBUTIONS SHALL BE DEDUCTED BY THE DEPARTMENT OF EDUCATION FROM  
2 STATE FUNDS DUE THE SCHOOL DISTRICTS AND TRANSMITTED TO THE TEACHERS'  
3 RETIREMENT SYSTEM FOR DEPOSIT IN THE RETIREMENT FUND. THE UNIVERSITY  
4 OF ALASKA SHALL FORWARD ITS CONTRIBUTION TO THE ADMINISTRATOR AT  
5 THE CLOSE OF EACH PAY PERIOD FOR DEPOSIT BY HIM IN THE RETIREMENT  
6 FUND].

7 \* Sec. 6. AS 14.25.080 is amended to read:

8 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legis-  
9 lature may appropriate to the retirement fund an amount equal to  
10 [EITHER] one-half the percentage, as certified by the administrator, of  
11 the amount required in addition to teacher contributions to provide  
12 the benefits of this chapter [OR AN AMOUNT EQUAL TO FIVE PER CENT  
13 OF THE TEACHERS' BASE SALARIES, WHICHEVER IS LESS]. It may be appro-  
14 priated annually and deposited in the retirement fund monthly.

15 \* Sec. 7. AS 14.25.090 is repealed.

16 \* Sec. 8. AS 14.25.110 is repealed and re-enacted to read:

17 Sec. 14.25.110. ELIGIBILITY FOR SERVICE RETIREMENT. (a) A  
18 teacher is eligible for normal retirement if he has completed either  
19 (1) at least 15 years of creditable service, the last five of which  
20 have been membership service, and has attained the age of 60 years,  
21 or (2) at least eight years of membership service and has attained the  
22 age of 60 years, or (3) at least 30 years of creditable service, the  
23 last five of which have been membership service.

24 (b) A teacher is eligible for early retirement if he has com-  
25 pleted either of the service requirements in (a)(1) or (a)(2) of this  
26 section and has attained the age of 55 years.

27 (c) A teacher who has completed either of the service require-  
28 ments in (a)(1) or (a)(2) of this section and has attained the age of  
29 65 years during the school year, shall be retired on the July 1