

ALASKA LEGISLATURE

1506

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

**SB**

**116**

SFIN

FILE

SENATE FINANCE COMMITTEE

SB 115 UNIFORM INTERSTATE FAMILY SUPPORT ACT

PLEASE SIGN IN BELOW

NAME: Glenda Straube

Co./DEPT./TITLE: DIRECTOR, CSEA PHONE: 269-6801

ADDRESS: 550 W. 7<sup>th</sup>, #312 ZIP: 99501

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: MARILYN MAY

Co./DEPT./TITLE: LAW; COLLECTIONS & SUPPORT PHONE: \_\_\_\_\_

(VAL HAS NUMBER)

ADDRESS: \_\_\_\_\_ ZIP: \_\_\_\_\_

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: Art Peterson

Co./DEPT./TITLE: NCCUSL / Uniform Law Commissioner PHONE: 586-4000

ADDRESS: 550 N. Franklin St., Juneau, Ak. ZIP: 99801

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

NAME: Southall

Co./DEPT./TITLE: Quigley PHONE: 465-4970

ADDRESS: 240 4<sup>th</sup> St, Ste 202, JLU ZIP: 99801

DO YOU WISH TO TESTIFY?  YES  NO  RESPOND TO QUESTIONS

SENATE FINANCE  
COMMITTEE

9-GS0043K  
Lauterbach  
4/30/95

Amendment Number: CS-1  
Bill Number: SB 116  
Sponsor: Hal Ford Date: 5/1/95  
Logged In By: [Signature]

CS FOR SENATE BILL NO. 116(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR  
A BILL

FOR AN ACT ENTITLED

1 "An Act relating to administrative establishment and disestablishment of paternity  
2 and establishing paternity by affidavit; relating to child support enforcement;  
3 amending Alaska Rule of Civil Procedure 90.3(h)(2); and providing for an  
4 effective date."

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

6 \* Section 1. AS 18.50.160(d) is repealed and reenacted to read:

7 (d) If the mother was married at conception, during the pregnancy, or at birth,  
8 the name of the husband shall be entered on the certificate as the father of the child  
9 unless

10 (1) paternity has been lawfully determined otherwise by a tribunal, in  
11 which case the name of the father, if determined by a tribunal, shall be entered; or

12 (2) both the mother and the mother's husband execute affidavits  
13 attesting that the husband is not the father and that another man is the father, and the  
14 mother and the other man execute affidavits attesting that the other man is the father,

1 so long as the affidavits meet the requirements of (g) of this section.

2 \* Sec. 2. AS 18.50.160(e) is repealed and reenacted to read:

3 (e) If the mother was not married at conception, during the pregnancy, or at  
4 birth, the name of the father may not be entered on the certificate of birth, unless

5 (1) paternity has been lawfully determined by a tribunal, in which case  
6 the name of the father, if determined by the tribunal, shall be entered;

7 (2) both the mother and the man to be named as the father have  
8 executed affidavits attesting that that man is the father, so long as the affidavits meet  
9 the requirements of (g) of this section; or

10 (3) as otherwise specified by statute.

11 \* Sec. 3. AS 18.50.160 is amended by adding new subsections to read:

12 (g) An affidavit under (d) or (e) of this section must meet the following  
13 requirements:

14 (1) the affidavit must be executed by all required individuals; an  
15 affidavit may be executed jointly, individually, or in combination of jointly and  
16 individually; and

17 (2) if an affidavit is executed by more than one individual, the  
18 signature of each individual must be individually notarized.

19 (h) In this section, unless the context requires otherwise, "tribunal" means a  
20 court, administrative agency, or quasi-judicial entity authorized by law to determine  
21 parentage.

22 \* Sec. 4. AS 25.27.020(a) is amended to read:

23 (a) The agency shall

24 (1) seek enforcement of child support orders [OF THE SUPERIOR  
25 COURTS] of the state in other jurisdictions and shall obtain, enforce, and administer  
26 the orders in this state;

27 (2) adopt regulations to carry out the purposes of this chapter, including  
28 regulations that establish

29 (A) schedules for determining the amount an obligor is liable  
30 to contribute toward the support of an obligee under this chapter and under  
31 42 U.S.C. 651 - 669 (Title IV-D, Social Security Act);

1 (B) procedures for hearings conducted under AS 25.27.170;

2 [AND]

3 (C) subject to AS 25.27.025 and to federal law, a uniform rate  
4 of interest on arrearages of support that shall be charged the obligor upon  
5 notice if child support payments are 10 or more days overdue or if payment is  
6 made by a check backed by insufficient funds; however, an obligor may not be  
7 charged interest on late payment of a child support obligation, other than a  
8 payment on arrearages, if the obligor is

9 (i) employed and income is being withheld from the  
10 obligor's wages under an income withholding order;

11 (ii) receiving unemployment compensation and child  
12 support obligations are being withheld from the obligor's unemployment  
13 payments under AS 23.20.401; or

14 (iii) receiving compensation for disabilities under  
15 AS 23.30 and child support obligations are being withheld from the  
16 obligor's compensation payments; and

17 (D) procedures for establishing and disestablishing paternity,  
18 including procedures for hearings;

19 (3) administer and enforce AS 25.25 (Uniform Reciprocal Enforcement  
20 of Support Act);

21 (4) establish, enforce, and administer child support obligations  
22 administratively under this chapter;

23 (5) administer the state plan required under 42 U.S.C. 651 - 669 (Title  
24 IV-D, Social Security Act) as amended;

25 (6) disburse support payments collected by the agency to the obligee,  
26 together with interest charged under (2)(C) of this subsection;

27 (7) establish and enforce administratively under this chapter, or through  
28 the superior courts of the state, child support orders from other jurisdictions pertaining  
29 to obligors within the state;

30 (8) enforce and administer spousal support orders if a spousal support  
31 obligation has been established with respect to the spouse and if the support obligation

1 established with respect to the child of that spouse is also being administered; and

2 (9) obtain a medical support order as part of a child support order if  
3 health care coverage is available to the obligor at a reasonable cost; the agency shall  
4 consider whether adequate health care is available to the child through the Indian  
5 Health Service or other insurance coverage before it orders an obligor to provide health  
6 care coverage through insurance or other means; the medical support order must meet  
7 the requirements of AS 25.27.063; [AND]

8 (10) act on behalf of the Department of Health and Social Services in  
9 the enforcement of AS 47.07.025(b);

10 (11) establish or disestablish, administratively or through court  
11 action, the paternity of a child;

12 (12) promptly provide to the Bureau of Vital Statistics, in a format  
13 approved by the bureau, any final agency decision administratively establishing  
14 or disestablishing the paternity of a child born in this state; and

15 (13) act as the central registry for all child support orders.

16 \* Sec. 5. AS 25.27.022 is amended to read:

17 Sec. 25.27.022. ESTABLISHMENT AND ENFORCEMENT REQUESTS  
18 FROM OTHER STATES. (a) The agency may act, under the laws of this state,  
19 upon requests from similar state agencies in other states that operate child support  
20 enforcement programs under 42 U.S.C. 651 - 669 (Title IV-D Social Security Act)  
21 to establish or disestablish paternity and to establish and enforce against obligors  
22 within this state support obligations determined in other states.

23 (b) Requests from child support enforcement agencies in other states shall be  
24 made by application containing the information that this state's agency requires and  
25 including written authorization from the requesting state agency and the obligee for  
26 this state's agency to initiate necessary action [NECESSARY TO ESTABLISH,  
27 ENFORCE, AND COLLECT THE SUPPORT OBLIGATION ON THEIR BEHALF].

28 \* Sec. 6. AS 25.27.040(a) is amended to read:

29 (a) The agency may [SHALL] appear on behalf of minor children or their  
30 mother or legal custodian or the state and initiate efforts to have the paternity of  
31 children born out of wedlock determined by the court. When the agency is a party to

1 a court [IN AN] action in which paternity is contested, it shall request and pay for  
2 genetic testing [TESTS] and procedures under AS 25.20.050(f). The agency may  
3 recover the costs of the tests as a cost of the court action, except that costs may not  
4 be recovered from a person who is a recipient of aid under AS 47.25.310 - 47.25.420  
5 (Aid to Families with Dependent Children).

6 \* Sec. 7. AS 25.27.040(c) is amended to read:

7 (c) When the agency is a party in a court [AN] action in which paternity is  
8 contested, the agency shall move for a default judgment in a case that meets the  
9 conditions specified in AS 25.20.050(g).

10 \* Sec. 8. AS 25.27.075(f) is amended to read:

11 (f) The agency shall retain the information received under (a), (d), and (e) of  
12 this section for a particular employee only if the agency is responsible for establishing,  
13 enforcing, or collecting a support obligation of the employee or if the employee is a  
14 party to an administrative or judicial proceeding to determine the paternity of a  
15 child. If the employee does not owe a support obligation or is not a party to a  
16 paternity proceeding, the agency may not create a record regarding the employee, and  
17 the information contained in the notice shall be promptly destroyed.

18 \* Sec. 9. AS 25.27.085 is amended to read:

19 Sec. 25.27.085. SUBPOENAS. The agency, with the concurrence of the  
20 commissioner of revenue, may subpoena persons, books, records, and documents to

21 (1) determine the extent and location of assets of any obligor who is  
22 more than 45 days in arrears in a child support obligation established either by court  
23 or administrative order;

24 (2) determine the paternity of a child under AS 25.27.165; or

25 (3) disestablish the paternity of a child under AS 25.27.166.

26 \* Sec. 10. AS 25.27.140(a) is amended to read:

27 (a) If no support order has been entered, the agency may establish paternity  
28 and a duty of support utilizing the procedures prescribed in AS 25.27.160 - 25.27.220  
29 and may enforce a duty of support utilizing the procedure prescribed in AS 25.27.230 -  
30 25.27.270. Action under this subsection may be undertaken upon application of an  
31 obligee, or at the agency's own discretion if the obligor is liable to the state under

1 AS 25.27.120(a) or (b).

2 \* Sec. 11. AS 25.27 is amended by adding new sections to read:

3 Sec. 25.27.165. DETERMINATION OF PATERNITY IN AN  
4 ADMINISTRATIVE PROCEEDING. (a) Upon application from a mother, custodian,  
5 or legal custodian of a child, or from a state, the agency may institute administrative  
6 proceedings to determine the paternity of a child born out of wedlock.

7 (b) In order to initiate a paternity proceeding administratively, the agency shall  
8 serve a mother and putative father, as appropriate, with a notice of paternity and  
9 financial responsibility. The notice shall be served personally as set out in Alaska  
10 Rule of Civil Procedure 4(d) or by registered, certified, or insured mail, return receipt  
11 requested, for restricted delivery only to the person to whom the notice is directed or  
12 to the person authorized under federal law to receive that person's restricted delivery  
13 mail. The notice must be accompanied by

14 (1) an administrative order requiring that the mother, child, and putative  
15 father submit to genetic testing to be arranged by the agency;

16 (2) an administrative order requiring the putative father to provide  
17 financial information, as defined by the agency in regulation, within 20 days after  
18 service of the notice; all financial information provided to the agency under an order  
19 under this paragraph shall be held confidential by the agency, according to any  
20 applicable regulations; and

21 (3) a notice of right to informal conference, to be held within 20 days  
22 after receipt of an admission of paternity or service upon the parties of genetic test  
23 results.

24 (c) A person served with a notice of paternity and financial responsibility shall  
25 file a response, admitting or denying paternity and providing the required financial  
26 information, within 20 days after the date of service of the notice of paternity and  
27 financial responsibility. If the putative father admits paternity, the agency shall issue,  
28 within 20 days after the admission of paternity, a decision establishing paternity. If  
29 the putative father denies paternity, the putative father shall submit to genetic testing,  
30 as provided in (b) of this section, within 30 days after the date of service of the notice  
31 of paternity and financial responsibility.

1 (d) Upon receipt of genetic test results, the agency shall serve on the putative  
2 father notice of the test results and of the date for the informal conference. Service  
3 of the notice shall be made by first class mail. If the genetic test results are negative  
4 under the standard set in AS 25.20.050(d), the agency shall issue a finding of  
5 nonpaternity within 20 days after the agency's receipt of the test results. If the genetic  
6 test results are positive under the standard set in AS 25.20.050(d), the agency shall  
7 issue an informal conference decision within 20 days after the agency's receipt of the  
8 test results.

9 (e) If the agency issues a decision establishing paternity under (d) of this  
10 section, the putative father is entitled to a formal hearing if a written request for  
11 hearing is served on the agency by certified mail, return receipt requested, within 30  
12 days after the date of service of the agency's decision.

13 (f) If a request for a formal hearing is made under (e) of this section, an  
14 execution under AS 25.27.062 and 25.27.230 - 25.27.270 may not be stayed unless the  
15 putative father posts security or a bond in the amount of child support that would have  
16 been due under the informal conference decision pending the decision on the formal  
17 hearing. If no request for a formal hearing is made under (e) of this section, the  
18 informal conference decision establishing paternity is final.

19 (g) If a request for a formal hearing is made under (e) of this section, the  
20 hearing officer shall consider the evidence applying the standards set in  
21 AS 25.20.050(d).

22 (h) If a putative father who requests a formal hearing under (e) of this section  
23 fails to appear at the formal hearing, the hearing officer shall enter a final decision  
24 establishing paternity.

25 (i) The agency may recover any costs it pays for genetic tests required by this  
26 section, except that costs may not be recovered from a person who is a recipient of aid  
27 under AS 47.25.310 - 47.25.420 (Aid to Families with Dependent Children).

28 Sec. 25.27.166. DISESTABLISHMENT OF PATERNITY. (a) The agency  
29 shall, by regulation, establish procedures and standards for the disestablishment of  
30 paternity of a child whose paternity was established in this state if the paternity was  
31 not established by genetic test results that met the standard set out in AS 25.20.050(d)

1 at the time the test was performed.

2 (b) The agency's standards and procedures under (a) of this section must

3 (1) allow a person to petition the agency to disestablish paternity only  
4 once per child;

5 (2) allow a petition to disestablish paternity to be brought only within  
6 three years after the child's birth or three years after the petitioner knew or should have  
7 known of the father's putative paternity of the child, whichever is later; and

8 (3) provide standards and notice and hearing procedures that are  
9 equivalent to those used for establishment of paternity under AS 25.27.165.

10 (c) The agency shall disestablish paternity under this section if genetic test  
11 results are negative under the standard set out in AS 25.20.050(d) and if the other  
12 standards established in its regulations are met.

13 (d) If a decision under this section disestablishes paternity, the petitioner's  
14 child support obligation or liability for public assistance under AS 25.27.120 is  
15 modified retroactively to extinguish arrearages for child support and accrued liability  
16 for public assistance based on the alleged paternity that is disestablished under this  
17 section. This subsection may be implemented only to the extent not prohibited by  
18 federal law.

19 (e) The costs of genetic testing under this section shall be assessed against the  
20 petitioner if paternity is not disestablished. If paternity is disestablished under this  
21 section, the costs of genetic testing shall be assessed against

22 (1) the individual to whom the petitioner paid or owed child support  
23 payments for the child for whom paternity was disestablished; or

24 (2) the agency if there is no individual who meets the description in (1)  
25 of this subsection.

26 \* Sec. 12. AS 25.27.180(a) is amended to read:

27 (a) Within 20 days after [OF] the date of the hearing, the hearing officer shall  
28 adopt findings and a decision determining whether paternity is established and  
29 whether a duty of support exists and, if a duty of support is found, the amount of  
30 periodic payments or sum for which the alleged obligor is found to be responsible.

31 \* Sec. 13. AS 25.27.180(c) is amended to read:

1 (c) A decision regarding support rendered under (a) of this section is  
2 modified to the extent that a subsequent order, judgment, or decree of a superior court  
3 is inconsistent with the decision entered under (a) of this section.

4 \* Sec. 14. AS 25.27.210(a) is amended to read:

5 (a) Judicial review by the superior court of a final administrative [AN  
6 AGENCY] decision establishing or disestablishing paternity and establishing or  
7 modifying a duty of support or amounts of support due may be obtained by filing a  
8 notice of appeal in accordance with the applicable rules of court governing appeals in  
9 civil matters. A notice of appeal shall be filed within 30 days after [OF] the decision.

10 \* Sec. 15. AS 25.27.210(c) is amended to read:

11 (c) The complete record includes

12 (1) the notice and finding of financial responsibility, the notice of  
13 paternity and financial responsibility, or the notice of and petition for an action  
14 disestablishing paternity, as applicable;

15 (2) the request for a hearing;

16 (3) the decision of the hearing officer;

17 (4) the exhibits admitted or rejected;

18 (5) the written evidence;

19 (6) all other documents in the case, including decisions of the agency.

20 \* Sec. 16. AS 25.27.230(a) is amended to read:

21 (a) At the expiration of 30 days after [FROM EITHER] (1) the date of  
22 distribution of an income withholding order under AS 25.27.062, [OR] (2) the date of  
23 service of a notice and finding of financial responsibility under AS 25.27.160, or (3)  
24 the date of service of a decision establishing paternity under AS 25.27.165(c) or  
25 (d), the agency may assert a lien upon the real or personal property of the obligor, in  
26 the amount of the obligor's liability.

27 \* Sec. 17. AS 25.27.250(a) is amended to read:

28 (a) At the expiration of [EITHER] (1) 15 days after [FROM] the date of  
29 service of an income withholding order under AS 25.27.062 or notice under  
30 AS 25.27.150, or (2) 30 days after [FROM] the date of service of a notice and finding  
31 of financial responsibility under AS 25.27.160, or (3) 30 days after service of a

1        decision establishing paternity under AS 25.27.165(c) or (d), the agency may issue  
2        to any person, political subdivision, or department of the state an order to withhold and  
3        deliver property.

4        \* Sec. 18. AS 25.27.166(d), enacted by sec. 11 of this Act, has the effect of amending  
5        Alaska Rule of Civil Procedure 90.3(h)(2) by allowing retroactive modification of child  
6        support arrearages under circumstances involving disestablishment of paternity.

7        \* Sec. 19. TRANSITION: REGULATIONS. The Department of Revenue, child support  
8        enforcement agency, may immediately proceed to adopt regulations to implement the changes  
9        made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act),  
10       but not before January 1, 1996.

11       \* Sec. 20. AS 25.27.166(d), enacted by sec. 11 of this Act, may take effect with only a  
12       majority vote of both houses of the legislature because the court rule it amends is an  
13       interpretive rule not governed by the procedural requirements of art. IV, sec. 15, Constitution  
14       of the State of Alaska.

15       \* Sec. 21. Section 19 of this Act takes effect immediately under AS 01.10.070(c).

16       \* Sec. 22. Except as provided in sec. 21 of this Act, this Act takes effect January 1, 1996.

FISCAL NOTES

SB 116 PATERNITY; CHILD SUPPORT ENFORCEMENT

<u>No.</u>	<u>DEPT.</u>	<u>DATE</u>	<u>AMOUNT</u>	
1.	DOLAW	3/06/95	0	
2.	DH&SS (AFDC) SHOWS GF/PR OF \$425.0 TO OFFSET EQUAL AMOUNT IN GF MATCH	3/06/95	0	
3.	DOR	3/06/95	\$341.6	425.0 REV.
4.	DH&SS VITAL STATS	3/06/95	0	

SFC 4-25-95



FISCAL NOTE

No. 3  
 Bill Version: SB 116  
 (S) Publish Date: 3/7/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: Administrative Establishment of Paternity  
 Sponsor: Rules  
 Requestor: Governor

Department Affected: Revenue  
 BRU: Child Support Enforcement Division  
 Component: Child Support Enforcement Division

COMPONENT SERIAL NO. 111

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	169.1	351.7	365.8	380.4	395.6	411.5
TRAVEL						
CONTRACTUAL	86.2	180.2	180.3	196.9	206.0	215.4
SUPPLIES	3.2	6.4	6.4	6.4	6.4	6.4
EQUIPMENT	83.1	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>341.6</b>	<b>538.3</b>	<b>560.5</b>	<b>583.7</b>	<b>608.0</b>	<b>633.3</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	425.0	850.0	850.0	850.0	850.0	850.0
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FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts	225.4	355.3	369.9	385.3	401.3	418.0
1003 GF Match	46.1	72.7	75.7	78.7	82.1	85.4
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER	70.0	110.3	114.9	119.7	124.6	129.9
<b>TOTAL</b>	<b>341.6</b>	<b>538.3</b>	<b>560.5</b>	<b>583.7</b>	<b>608.0</b>	<b>633.3</b>

Estimate of any current year (FY 95) cost: \$ 0.0

POSITIONS:

FULL-TIME	8	8	8	8	8	8
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

The administrative establishment of paternity, in cases where the putative father has acknowledged paternity or a genetic test indicates a 95% or better probability that the putative father is the father, will decrease the time required to establish paternity. This decreased time will help CSED meet the new Federal time frame for establishment which require that an order must be established in 75% of the cases within 6 months of location of the obligor including establishing paternity if required. The previous requirement was that paternity had to be established within one year of serving the paternity complaint on the putative father. Once paternity was established CSED had an additional 3 months to establish an order. By establishing paternity more quickly, obligors will not accumulate large arrearage prior to being adjudicated the father. Obligor will be more likely to pay and will begin paying earlier. This will increase AFDC collections approximately \$1,700,000 per year of which the state will retain \$850,000. FY 96 revenues will be \$425,000 for half a year.

Prepared by: Glenda Straube  
 Division: Child Support Enforcement Division

Phone: 269-6801  
 Date: \_\_\_\_\_

Approved by Commissioner: Wilson L. Condon  
 Agency: Department of Revenue

Date: 3/6/95

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No. of Pos	Position Title	Range	Salary	Overtime	FY 95. Total Costs	FY 97. Est. Costs	FY 98. Total Costs	FY 99. Total Costs	FY 00. Total Costs	FY 01. Total Costs
1	CSE01	13	29,736	12,537	169,792	191,711	205,093	207,411	196,627	411,657

Personal Services are estimated using Step 'A'

\*\* Program is effective 1/1/96, thus this cost represents 1/2 of total state fiscal year cost

\*\*\* Estimate based on 4% increase over prior fiscal year

# of Positions	FY 95. Est Supply \$ Cost Per Pos	FY 97. Est Supply \$ Cost Per Pos	FY 98. Est Supply \$ Cost Per Pos	FY 99. Est Supply \$ Cost Per Pos	FY 00. Est Supply \$ Cost Per Pos	FY 01. Est Supply \$ Cost Per Pos	
1	400	600	400	400	400	400	
<b>TOTAL SUPPLY COSTS</b>		<b>2,200</b>	<b>4,400</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>

Supply costs were estimated at \$60 per year per position. This number is based on FY 95 opening budget total divided by 127 employees.

\*\* Program is effective 1/1/96, thus this cost represents 1/2 of subsequent state fiscal year cost

# of Positions	FY 95. Workstation Est \$ Cost Per Pos	FY 97. Workstation Est \$ Cost Per Pos	FY 98. Workstation Est \$ Cost Per Pos	FY 99. Workstation Est \$ Cost Per Pos	FY 00. Workstation Est \$ Cost Per Pos	FY 01. Workstation Est \$ Cost Per Pos
1	10,256	-	-	-	-	-
<b>TOTAL EQUIPMENT COSTS</b>		<b>10,256</b>	-	-	-	-

Workstation costs are based on estimates used in FY 95 opening budget and include \$2,500 for technical workstation/teletype, \$600 for chairs and \$450 for file cabinets.

2,425

Computer costs are based on estimates used in FY 95 opening budget and include all installation costs. (see attachment)

5,700

Phone costs are based on estimates used in FY 95 opening budget and include all installation costs. (see attachment)

1,181

10,346

# of Positions	FY 95. Contractual Est \$ Cost Per Pos	FY 97. Contractual Est \$ Cost Per Pos	FY 98. Contractual Est \$ Cost Per Pos	FY 99. Contractual Est \$ Cost Per Pos	FY 00. Contractual Est \$ Cost Per Pos	FY 01. Contractual Est \$ Cost Per Pos	
1	2,102	2,147	2,100	2,100	2,100	2,100	
<b>TOTAL CONTRACTUAL COSTS</b>		<b>18,812</b>	<b>17,634</b>	<b>17,824</b>	<b>14,931</b>	<b>14,148</b>	<b>14,148</b>

Estimated long distance costs were calculated by taking FY 95 purchased contracts (BC 72207 - \$5,877,496) and dividing by average number of employees (116.5).

FY 97 thru 01 were projected at 5% increases each year.

18,812

\*\* Program is effective 1/1/96, thus it is a year represents 1/2 of subsequent state fiscal year cost

# of Positions	FY 95. Contractual Est \$ Cost Per Pos	FY 97. Contractual Est \$ Cost Per Pos	FY 98. Contractual Est \$ Cost Per Pos	FY 99. Contractual Est \$ Cost Per Pos	FY 00. Contractual Est \$ Cost Per Pos	FY 01. Contractual Est \$ Cost Per Pos	
1	1,100	2,040	2,140	2,140	2,040	2,140	
<b>TOTAL SPACE RENTAL COSTS</b>		<b>4,140</b>	<b>14,220</b>	<b>14,720</b>	<b>14,720</b>	<b>14,720</b>	<b>14,920</b>

Space rental costs are based on current space costs of \$1.20 sq. ft. per sq. ft. at 127 square feet per employee. No increases are anticipated in fiscal years presented above.

2,040

\*\* Program is effective 1/1/96, thus the cost represents 1/2 of subsequent state fiscal year cost

2073

**ADMINISTRATIVE PATERNITY ESTABLISHMENT  
COST PROJECTIONS**

	FY 96 Projected Cost \$	FY 97 Projected Cost \$	FY 98 Projected Cost \$	FY 99 Projected Cost \$	FY 00 Projected Cost \$	FY 01 Projected Cost \$
Personnel Services	169,092	351,711	365,780	390,411	395,627	411,451
Supplies	3,200	6,400	6,400	6,400	6,400	6,400
Equipment	87,088	-	-	-	-	-
Contractual	78,016	163,874	172,025	180,627	189,858	199,141
Space	8,160	16,320	16,320	16,320	16,320	16,320
<b>Total</b>	<b>341,556</b>	<b>538,265</b>	<b>560,525</b>	<b>583,758</b>	<b>608,005</b>	<b>633,313</b>
<b>Projected Funding Sources</b>						
Federal Match (66%)	225,427	355,255	369,947	395,280	401,294	417,197
Federal Incentives (20.5%)	70,019	110,314	114,008	119,670	121,841	124,829
State General Fund (13.5%)	46,110	72,696	76,570	78,807	82,081	85,407
<b>Total</b>	<b>341,556</b>	<b>538,265</b>	<b>560,525</b>	<b>583,758</b>	<b>608,005</b>	<b>633,313</b>

313

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

FISCAL NOTE

No. 2  
BILL N Bill Version: SB 116  
(S) Publish Date: 3/7/95

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act relating to the administrative establishment of paternity BRU: Assistance Payments  
Sponsor: Rules Component: AFDC  
Requestor: Governor COMPONENT SERIAL NO. 220

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGES IN REVENUES	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

**FUND SOURCE** (Thousands of Dollars)

	FY96	FY97	FY98	FY99	FY00	FY01
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	(425.0)	(850.0)	(850.0)	(850.0)	(850.0)	(850.0)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF, Program Receipts	425.0	850.0	850.0	850.0	850.0	850.0
1006 GF, MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 1/2 Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This bill establishes authority for the Child Support Enforcement Division of the Department of Revenue to establish paternity by an administrative process. CSED expects child support collections on behalf of AFDC children to increase as a result of this legislation.

AFDC applicants assign to the State the right to collect child support on behalf of AFDC children. When CSED collects child support on behalf of an AFDC child, the first \$50 per month is paid to the AFDC family. Fifty percent of the amount collected is transferred as GF Program Receipts to the AFDC component of the Assistance Payments BRU. The remainder is paid to the federal government to offset federal AFDC costs.

Prepared by: Jim Nordlund, Director Jim Nordlund, Director Phone: 465-2669  
 Divic: Division of Child Assistance Date: 3/7/95  
 Approved by Com: Karen Peddie, Commissioner Date: 3/6/95  
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

The GF Program Receipts transferred to the AFDC component are used in place of GF Match funds.

Assumptions:

We assume that the GF Program Receipt funds transferred from CSED to the AFDC program offset AFDC GF Match funds dollar-for-dollar.

Calculations:

CSED projects the following amounts of increased GF Program Receipts to be transferred to the AFDC Component as a result of this legislation:

FY 96: 425.0

FY 97- FY 01: 850.0 per year

# FISCAL NOTE

No. 1  
 Bill Version: SB116  
 (S) Publish Date: 3/7/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
 Title: ...administrative establishment of paternity and BRU: Legal Services  
establishing paternity by affidavit...child support enforcement... Component: Operations  
 Sponsor: Rules by Request of the Governor  
 Requester: Governor's Office/OMB COMPONENT SERIAL NO. 0093

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

**POSITIONS**

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

This bill would allow the Child Support Enforcement Division to administratively determine the paternity of children. The bill also amends AS 18.50.160, relating to the identification of parents on birth certificates by voluntary acknowledgement.

The bill establishes a procedure by which CSED may determine paternity administratively, without resort to the courts. Under the proposed statute changes, CSED may initiate an administrative proceeding to determine paternity upon application of the child's mother or guardian or upon application of the State of Alaska or of another state. The proceeding is initiated through service of a Notice of Paternity and Financial Responsibility, together with an administrative order requiring the parties to submit to genetic testing. Unless paternity is admitted or the alleged father fails to respond to the notice, CSED's determination of paternity will be based upon the results of the genetic testing and other evidence. In conjunction with the paternity proceeding, CSED also may establish the amount of the support obligation, which CSED is already permitted to

Prepared by: Richard I. Pegans, Director Phone: 465-3672  
 Division: Administrative Services Division Date: 3/6/95  
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 3/6/95  
 Agency: Department of Law

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FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO.

ANALYSIS CONTINUATION:

do under existing law.

Through an appeal process, the bill safeguards the alleged father's rights with respect to the determination of paternity. Once CSED has issued its findings of paternity, the alleged father may request a formal hearing, after which the alleged father also will be entitled to judicial review if a timely appeal is filed with the superior court.

CSED does not require the Department of Law's assistance in CSED's administrative proceedings, except in extreme circumstances. Consequently, the bill will not have a fiscal impact for the Department of Law.

APR 12 1995

TONY KNOWLES, GOVERNOR

DEPARTMENT OF REVENUE

STATE OFFICE BUILDING  
P.O. BOX 110410  
JUNEAU, ALASKA 99811-0410

April 7, 1995

The Honorable Rick Halford  
Alaska State Senate, Room 508  
State Capitol  
Juneau, Alaska 99801

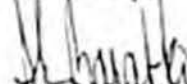
re: SB115 and SB116

Dear Senator Halford:

Enclosed please find informational "bullets" pertaining to SB 116 related to paternity establishment, and SB 115 related to the Uniform Interstate Family Support Act (UIFSA). This information is being presented in the hopes that it might clarify how these two bills will enhance child support enforcement within this State and in co-operation with other states which have implemented UIFSA.

If you desire additional information please contact Glenda Straube, Director, Child Support Enforcement Division at (907) 269-6801.

Sincerely,



Bob Baranko

Legislative Liaison  
Department Of Revenue

Enclosure

cc: Glenda Straube, Director, Child Support Enforcement Division

6DCSTZ

## HB 244 - SB 116

This bill provides for the administrative establishment of paternity, and for paternity to be established based upon the affidavits of the child's mother, her husband, and another man who is the child's father. The benefits and important features of the bill include the following:

- Paternity cases are currently handled only by Alaska's courts. Providing for establishment of paternity by CSED will speed up the establishment and enforcement of child support orders.
- The statute allows for paternity establishment through the courts or the agency. More complicated cases will generally be referred to court.
- Administrative establishment of paternity will allow CSED to meet federal deadlines for support order establishment, assuring continued federal funding.
- Paternity may be established administratively based on the putative father's acknowledgement of paternity or based on genetic test results according to the standard set forth in AS 25.20.050.
- The administrative paternity procedures are designed to give full due process, including service of the notice of paternity and financial responsibility by formal service rules; opportunity to object to genetic test results; and availability of full administrative hearing procedures followed by opportunity for court review.
- In the case of a child born in wedlock who is not the natural child of the husband, paternity may be established by affidavit of the mother, the husband and the other man who is the father of the child. This will avoid the expense and delay of filing a paternity action where all relevant parties agree.

TONY KNOWLES  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532

March 6, 1995

The Honorable Drue Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-8881

Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the administrative determination of paternity by the Department of Revenue, child support enforcement division (CSED) and addressing the establishment of paternity based on voluntary acknowledgement of paternity by appropriate parties.

The bill would amend relevant portions of the laws currently found in AS 25.27 to allow CSED to administratively determine the paternity of children. The bill also amends AS 18.50.160, relating to the identification of parents on birth certificates by voluntary acknowledgement. The bill does not affect any existing court rules.

Under recent federal regulations adopted in December 1994, time frames for the establishment of paternity and support orders have been significantly shortened. In order to determine how best to meet these deadlines, CSED has reviewed the relevant Alaska statutes and its administrative procedures to identify areas that could be handled more efficiently than under the current state statutes and regulations. One such area is the determination of paternity. Under current state law, such determinations may only be made by a court.

This bill establishes a procedure by which CSED may determine paternity administratively, without resort to the courts. Under the proposed statute changes, CSED may initiate an administrative proceeding to determine paternity upon application of the child's mother or guardian or upon application of the State of Alaska or of another state. The proceeding is initiated through service of a Notice of Paternity and Financial Responsibility, together with an administrative order requiring the parties to submit to

The Honorable Drue Pearce  
March 6, 1995  
Page 2

genetic testing. Unless paternity is admitted or the alleged father fails to respond to the notice, CSED's determination of paternity will be based upon the results of the genetic testing and other evidence. In conjunction with the paternity proceeding, CSED also may establish the amount of the support obligation, which CSED is already permitted to do under existing law.

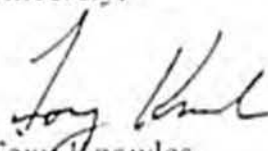
Through an appeal process, the bill safeguards the alleged father's rights with respect to the determination of paternity. Once CSED has issued its finding of paternity, the alleged father may request a formal hearing, after which the alleged father also will be entitled to judicial review if a timely appeal is filed with the superior court.

The bill amends the state law relating to the identification of parents on a child's birth certificate. The bill would allow the Bureau of Vital Statistics to enter a father's name on a child's birth certificate based on voluntary acknowledgements of paternity by the appropriate parties. If the child was born in wedlock (and, thus, the mother's husband is the legally presumed father), affidavits must be provided by the mother, her husband, and the alleged father, attesting that the husband is not the child's father and that the alleged father is the father of the child. If the child was born out of wedlock, affidavits are needed only from the mother and the alleged father, attesting that the alleged father is the child's father.

The bill also recognizes the growing use of administrative procedures in addition to or in place of judicial proceedings in the establishment of paternity and the establishment and enforcement of support orders. The changes proposed in the bill are intended to increase the efficiency of the child support enforcement process by allowing CSED and, in certain cases the parties themselves, to determine the paternity of children.

I urge prompt consideration and passage of this bill.

Sincerely,



Tony Knowles  
Governor

# SENATE COMMITTEE REPORT

DATE: 4/12/95

FURTHER: Finance

DATE TURNED INTO OFFICE: 4-25-95

*Finance*

Judiciary Committee considered SENATE BILL NO. 116

*PA Ter*

"An Act relating to administrative establishment of paternity and establishing paternity by affidavit; relating to child support enforcement; and providing for an effective date."

*phi for*

and recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to the \_\_\_\_\_ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical change

new: SCR\* \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Lyle Green</i>	<input checked="" type="checkbox"/>				
<i>My Ellis</i>	<input checked="" type="checkbox"/>				
<i>Mike Miller</i>	<input checked="" type="checkbox"/>				
<i>Al Adams</i>	<input checked="" type="checkbox"/>				
CHAIR: <i>Chris L. Taylor</i>			<input checked="" type="checkbox"/>		

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal

Department	Date	Zero	Fiscal
<i>HSS. Vital Statistics</i>	<i>3/6/95</i>	<input checked="" type="checkbox"/>	
<i>Revenue - CSED</i>	<i>3/6/95</i>		<i>+ 341.6</i>
<i>HSS. AFDC</i>	<i>3/6/95</i>	<input checked="" type="checkbox"/>	
<i>Law</i>	<i>3/6/95</i>	<input checked="" type="checkbox"/>	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**SB**

**117**

**HFIN**

**FILE**

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 28, 1995

FURTHER REFERRALS:

Date of Committee Action: 5/3/95

The FINANCE Committee considered:

CSSB 117(HES)

CS FOR SENATE BILL NO. 117(HES)

STATEWIDE INDEPENDENT LIVING COUNCIL

"An Act establishing a statewide independent living council and clarifying its relationship with existing agencies; and providing for an effective date."

recommends it be replaced with the following committee substitute

CSSB 117 (HES)

the same title  
 a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) \_\_\_\_\_

fiscal note(s) EDUCATION 3/2/95

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Foster</i>	FOSTER			X	
<i>John Grussendorf</i>	Grussendorf	X			
<i>Ally Mulder</i>	Mulder	✓			
<i>Terry Martin</i>	Martin	✓			
<i>Paul Parnell</i>	PARNELL	✓			
<i>Mike Yavane</i>	NAVARRI			X	
<i>Sam Brown</i>	BROWN	✓			
<i>Pete Kelly</i>	Kelly	✓			
<i>Cene Thurnhalt</i>	Thurnhalt			X	

CO CHAIR'S SIGNATURE \_\_\_\_\_

*Richard Foster*  
FOSTER

# FISCAL NOTE

No. 1  
 Bill Version: SB 117  
 (S) Publish Date: 3-21-95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: Statewide Independent Living Council  
 Sponsor: Senator Halford  
 Requester: Senate HESS Committee

Department Affected: Education  
 BRU: Vocational Rehabilitation  
 Component: Independent Living Rehabilitation

COMPONENT SERIAL NO. \_\_\_\_\_ 203

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	56.5	56.5	56.5	56.5	56.5	56.5
TRAVEL	25.0	25.0	25.0	25.0	25.0	25.0
CONTRACTUAL	54.3	54.3	54.3	54.3	54.3	54.3
SUPPLIES	4.1	4.1	4.1	4.1	4.1	4.1
EQUIPMENT	1.7	1.7	1.7	1.7	1.7	1.7
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>

CAPITAL						
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REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts	128.3	128.3	128.3	128.3	128.3	128.3
1003 GF Match	14.3	14.3	14.3	14.3	14.3	14.3
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary.)**

To be eligible to receive federal funds for independent living services, Alaska must establish a Statewide Independent Living Council. On October 25, 1994, Governor Hickel established the Council by Administrative Order No. 149. Senate Bill 117 formally establishes this council in statute. Funding for this council and other independent living services is included in the *Rehabilitation Act Amendments of 1992, Title VII*. The state currently receives approximately \$900,000 under this Act.

Please see the attached sheet for further analysis.

Prepared by: Stan Ridgeway, Deputy Director Phone: 465-6932  
 Division: Vocational Rehabilitation Date: March 16, 1995  
 Approved by Commissioner: Shirley Holloway  
 Agency: Education Date: March 16, 1995

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To be eligible to receive federal funds for independent living services, Alaska must establish a Statewide Independent Living Council. Funding for this program is included in the *Rehabilitation Act Amendments of 1992, Title VII*.

Funds allotted under Part B of *Title VII*, are disbursed to Alaska as a minimal allotment state which means that Alaska will receive not less than \$275,000 for independent living services. The state must match Part B funds by 10%.

In addition, Part C of *Title VII* entitles Alaska to receive not less than \$533,330 in federal funds designated for centers for independent living. There are currently two Alaska centers which receive these funds directly from the federal government under Part C. In FY95, a total for \$602,900 was awarded to two Alaskan independent living centers. Access Alaska received \$301,000 and Southeast Independent Living (SAIL) received \$301,900 from this federal source.

The funding for the independent living program in FY95 is as follows:

Funding Source	Amount (in thousands)
Federal Part B	\$ 283.8
Part B Required State Match	39.1
Federal Part C	602.9
State General Funds	563.4
<b>TOTAL</b>	<b>\$ 1,489.2</b>

The Independent Living Council expenses are funded with Part B and state general funds. The total Council budget is \$142,600, which is 9% of the total funds available. The state Division of Vocational Rehabilitation retained \$10,600 (.7% of the total) for grant monitoring. The remainder of the funds, \$1,336,000 is granted to statewide non-profit organizations for direct consumer services.

Without a Statewide Independent Living Council the state will not be eligible to receive either Part B or Part C federal funds under *Title VII of the Act* resulting in a lost of approximately \$900,000 in federal funds.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

ADMINISTRATIVE ORDER NO. 149

I, Walter J. Hickel, Governor of the State of Alaska, under the authority of art. III, secs. 1, 16, and 24, of the Alaska Constitution and AS 44.19.145(c), hereby establish by Administrative Order the Alaska Statewide Independent Living Council (council).

Section 1. PURPOSE

The council shall serve as the Statewide Independent Living Council for Alaska required for the receipt of federal financial assistance under 29 U.S.C. 796d, as amended as of July 1, 1994.

Section 2. DUTIES

The council shall perform the duties set out in 29 U.S.C. 796d, to allow the receipt of federal financial assistance in Alaska for independent living services and centers for independent living for Alaskans with severe disabilities. The council may hold hearings or forums in Alaska as the council determines necessary to carry out its duties.

Section 3. MEMBERSHIP; TERMS

The Governor will appoint members to the council who meet the applicable membership requirements set out in 29 U.S.C. 796d. A term of a member will be three years unless the appointment is to fill a vacancy for the remaining years of a prior member's term. A member may not serve more than two consecutive full terms.

Section 4. CONTACT AGENCY

The Alaska Department of Education will serve as lead contact agency for the council. The Alaska Department of Education shall provide reasonable and necessary professional and technical assistance requested by the council.

This Order takes effect immediately.

Dated at Juneau, Alaska this 26 day of October, 1994.

Handwritten signature of Walter J. Hickel in cursive.  
Walter J. Hickel  
Governor

TONY KNOWLES, GOVERNOR

DEPARTMENT OF EDUCATION  
OFFICE OF THE COMMISSIONER

GOLDBELT PLACE  
801 WEST 10TH STREET, SUITE 200  
JUNEAU, ALASKA 99801-1894  
(907) 465-2800  
FAX (907) 465-4156

March 16, 1995

The Honorable Rick Halford  
Alaska State Senate  
State Capitol, Room 508  
Juneau, AK 99801-1182

Re: Senate Bill 117  
Establishment of a State Independent Living Council

Dear Senator Halford:


The Department of Education and the Division of Vocational Rehabilitation (DVR) support Senate Bill 117. In order for Alaska to continue receiving federal funds for independent living services, the state must establish in statute a statewide independent council. The Rehabilitation Act of 1973 as Amended in 1992 states in Title VII, Sec. 705 "Statewide Independent Living Council:"

(a) Establishment - to be eligible to receive financial assistance under this chapter, each state shall establish a Statewide Independent Living Council (referred to in this section as the "Council"). The council shall not be established as an entity within another state agency.

We support your efforts in submitting this legislation. For your information I have enclosed a copy of the Alaska Independent Living Council's mission statement, responsibilities and goals as contained in the statewide independent living plan.

If we can be of more assistance in your efforts, please contact me or Stan Ridgeway, Deputy Director, DVR, at 465-6932.

Sincerely,

  
Shirley J. Holloway, Ph.D.  
Commissioner

Enclosure

## ALASKA INDEPENDENT LIVING COUNCIL

---

### Mission

To promote consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities.

### Responsibilities

1. Jointly developing and submitting the State Plan for Independent Living, in conjunction with the Alaska Division of Vocational Rehabilitation.
2. Monitoring, reviewing and evaluating the implementation of the State Plan.
3. Coordinating activities with the Alaska Vocational Rehabilitation Advisory Council and other councils that address the needs of specific disability populations and issues.

### Goals

1. To develop, implement, monitor and evaluate a coordinated and unified statewide service delivery system for independent living.
2. To develop a statewide network of centers for independent living.
3. To maximize working relationships and collaborative ventures for the provision of independent living services.
4. To develop and implement public awareness and outreach activities.

STATE OF ALASKA - OFFICE OF THE GOVERNOR  
Boards and Commissions Office

Membership Roster

(181) INDEPENDENT LIVING COUNCIL

Member	Appointed	Reappointed	Term Exp.
<b>Constance E. Anderson</b> Independent Living Center Representative 8800 Glacier Highway, Suite 238 Juneau, AK 99802 Home Phone - (907) 780-6085    Work Phone - (907) 789-9665    FAX - (907) 789-3747	10/01/93		10/01/96
<b>Rae A. Boggan</b> Community Rehabilitation Program Representative P.O. Box 6064 Sitka, AK 99835 Home Phone - (907) 747-4742	10/01/93		10/01/95
<b>James R. Burton</b> Community Rehabilitation Program Representative 1169 Hoss Avenue Fairbanks, AK 99709 Home Phone - (907) 479-6118    Work Phone - (907) 474-7249	10/01/93		10/01/95
<b>Bernadine J. Graham</b> Advocate 4131 East 20, No. 33 Anchorage, AK 99508 Home Phone - (907) 337-7914	10/01/93		10/01/95
<b>Nugget A. Hiatt</b> Advocate 1706 Bartlett Drive Anchorage, AK 99507 Home Phone - (907) 562-1706	10/01/93		10/01/94
<b>Damill Johnson</b> Division of Mental Health and Developmental Disabilities Rep. DHSS, Div. of Mental Health P.O. Box 110620 Juneau, AK 99811-0620 Work Phone - ( ) 465-3370	10/01/93		10/01/96
<b>Don LaBrosse</b> Community Rehabilitation Program Representative 1405 Kallum Fairbanks, AK 99701 Home Phone - (907) 488-6980    Work Phone - (907) 456-5913	10/01/93		10/01/94
<b>José A. Lopez Nieves</b> Family Member With Disability P.O. Box 7204 Bethel, AK 99559 Home Phone - (907) 543-5683    Work Phone - (907) 543-6500	10/01/93		10/01/95
<b>Patrick Reinhart</b> Community Rehabilitation Program Representative P.O. Box 110065 Anchorage, AK 99511-0065 Home Phone - (907) 346-1798    Work Phone - (907) 563-2658	10/01/93		10/01/94

STATE OF ALASKA - OFFICE OF THE GOVERNOR  
Boards and Commissions Office

Membership Roster

(131) INDEPENDENT LIVING COUNCIL

Member	Appointed	Reappointed	Term Exp.
<b>Stan Ridgway</b> Division of Vocational Rehabilitation Rep. 301 West Tenth Street, Suite 200 Juneau, AK 99801-1894 Work Phone - (907) 465-6932	10/01/93		10/01/96
<b>Earl W. Westphal</b> Advocate P.O. Box 288 Sterling, AK 99672 Home Phone - (907) 262-6061	10/01/93		10/01/96
<b>John A. Woodward</b> Community Rehabilitation Program Representative 2200 Sunrise Drive Anchorage, AK 99508 Home Phone - (907) 278-5159	10/01/93		10/01/94
<b>Roger Wright</b> Independent Living Program Representative P.O. Box 209 Kotzebue, AK 99752 Home Phone - (907) 442-3021	10/01/93		10/01/95



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# ALASKA DIVISION of VOCATIONAL REHABILITATION

Rehabilitation Act of 1973  
as Amended by  
The Rehabilitation Act  
Amendments of 1992

29 USC 701-744

proper disbursement of and accounting for funds paid to the State under this chapter;

(4)(A) maintain records that fully disclose -

(i) the amount and disposition by such recipient of the proceeds of such financial assistance;

(ii) the total cost of the project or undertaking in connection with which such financial assistance is given or used; and (iii) the amount of that portion of the cost of the project or undertaking supplied by other sources;

(B) maintain such other records as the Commissioner determines to be appropriate to facilitate an effective audit;

(C) afford such access to records maintained under subparagraphs (A) and (B) as the Commissioner determines to be appropriate; and

(D) submit such reports with respect to such records as the Commissioner determines to be appropriate;

(5) provide access to the Commissioner and the Comptroller General or any of their duly authorized representatives, for the purpose of conducting audits and examinations, of any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this chapter; and

(6) provide for public hearings regarding the contents of the plan during both the formulation and review of the plan.

(n) The plan shall establish a method for the periodic evaluation of the effectiveness of the plan in meeting the objectives established in subsection (d), including evaluation of satisfaction by individuals with disabilities.

#### *Sec. 705. Statewide Independent Living Council*

(a) To be eligible to receive financial assistance under this chapter, each State shall establish a Statewide Independent Living Council (referred to in this section as the "Council"). The Council shall not be established as an entity within another State agency.

(b)(1) Members of the Council shall be appointed by the Governor or the appropriate entity within the State responsible for making appointments, within 90 days after the date of enactment of the Rehabilitation Act Amendments of 1992. The appointing authority shall select members after soliciting recommendations from representatives of organizations representing a broad range of individuals with disabilities and organizations interested in individuals with disabilities.

(2) The Council shall include -

(A) at least one director of a center for independent living chosen by the directors of centers for independent living within the State; and

(B) as ex officio, nonvoting members -

(i) a representative from the designated State unit; and

(ii) representatives from other State agencies that provide services for individuals with disabilities.

(3) The Council may include -

- (A) other representatives from centers for independent living;
- (B) parents and guardians of individuals with disabilities;
- (C) advocates of and for individuals with disabilities;
- (D) representatives from private businesses;
- (E) representatives from organizations that provide services for individuals with disabilities; and
- (F) other appropriate individuals.

(4) The Council shall be composed of members -

- (A) who provide statewide representation;
- (B) who represent a broad range of individuals with disabilities;
- (C) who are knowledgeable about centers for independent living and independent living services; and
- (D) a majority of whom are persons who are -

(i) individuals with disabilities described in section 7(8)(B); and (ii) not employed by any State agency or center for independent living.

(5)(A) Except as provided in subparagraph (B), the Council shall elect a chairperson from among the membership of the Council.

(B) In States in which the Governor does not have veto power pursuant to State law, the Governor shall designate a member of the Council to serve as the chairperson of the Council or shall require the Council to so designate such a member.

(6)(A) Each member of the Council shall serve for a term of 3 years, except that -

(i) a member appointed to fill a vacancy occurring prior to the expiration of the term for which the predecessor was appointed, shall be appointed for the remainder of such term; and

(ii) the terms of service of the members initially appointed shall be (as specified by the appointing authority) for such fewer number of years as will provide for the expiration of terms on a staggered basis.

(B) No member of the Council may serve more than two consecutive full terms.

(7) Any vacancy occurring in the membership of the Council shall be filled in the same manner as

the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

*(c) The Council shall -*

*(1) jointly develop and submit (in conjunction with the designated State agency) the State plan required in section 704;*

*(2) monitor, review, and evaluate the implementation of the State plan;*

*(3) coordinate activities with the State Rehabilitation Advisory Council established under section 105 and councils that address the needs of specific disability/ populations and issues under other Federal law;*

*(4) ensure that all regularly scheduled meetings of the Council are open to the public and sufficient advance notice is provided; and*

*(5) submit to the Commissioner such periodic reports as the Commissioner may reasonably request, and keep such records, and afford such access to such records, as the Commissioner finds necessary to verify such reports.*

*(d) The Council is authorized to hold such hearings and forums as the Council may determine to be necessary to carry out the duties of the Council.*

*(e)(1) The Council shall prepare, in conjunction with the designated State unit, a plan for the provision of such resources, including such staff and personnel, as may be necessary to carry out the functions of the Council under this section, with funds made available under this chapter and part C of title I and from other public and private sources. The resource plan shall, to the maximum extent possible, rely on the use of resources in existence during the period of implementation of the plan.*

*(2) Each Council shall, consistent with State law, supervise and evaluate such staff and other personnel as may be necessary to carry out the functions of the Council under this section.*

*(3) While assisting the Council in carrying out its duties, staff and other personnel shall not be assigned duties by the designated State agency or any other agency or office of the State, that would create a conflict of interest.*

*(f) The Council may use such resources to reimburse members of the Council for reasonable and necessary expenses of attending Council meetings and performing Council duties (including child care and personal assistance services), and to pay compensation to a member of the Council, if such member is not employed or must forfeit wages from other employment, for each day the member is engaged in performing Council duties.*

*(g) To the extent that a State has established a Council before September 30, 1992, that is comparable to the Council described in this section, such Council shall be considered to be in compliance with this section. Within 1 year after the date of enactment of the Rehabilitation Act Amendments of 1992, such State shall establish a Council that complies in full with this section.*

*Sec. 706. Responsibilities of the Commissioner*

*(a)(1) The Commissioner shall approve any State plan submitted under section 704 that the Commissioner determines meets the requirements of section 704, and shall disapprove any such plan*

**SB**

**117**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/21/95

FURTHER:

SFC 4-12-95

DATE TURNED INTO OFFICE: 4-12-95

The Finance Committee considered SENATE BILL NO. 117:

"An Act establishing a statewide independent living council and clarifying its relationship with existing agencies; and providing for an effective date."

and recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_

adopt previous \_\_\_\_\_ CS SB 117 (HES)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to the \_\_\_\_\_ Committee

Senate Bill:  
 same title  
 new title  
 House Bill:  
 same title  
 technical change  
 new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
Co-Chair: <i>[Signature]</i>	✓				
Co-Chair:					

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal

DOE	3/2/95		F142.6

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

#11

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SB 117

Revision Date: \_\_\_\_\_

Department Affected: Education

Title: Statewide Independent Living Council

BRU: Vocational Rehabilitation

Component: Independent Living Rehabilitation

Sponsor: Senator Halford

Requester: Senate HESS Committee

COMPONENT SERIAL NO. 203

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	56.5	56.5	56.5	56.5	56.5	56.5
TRAVEL	26.0	26.0	26.0	26.0	26.0	26.0
CONTRACTUAL	54.3	54.3	54.3	54.3	54.3	54.3
SUPPLIES	4.1	4.1	4.1	4.1	4.1	4.1
EQUIPMENT	1.7	1.7	1.7	1.7	1.7	1.7
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE FUND SOURCE:</b>						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts	128.3	128.3	128.3	128.3	128.3	128.3
1003 GF Match	14.3	14.3	14.3	14.3	14.3	14.3
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>	<b>142.6</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary.)**

To be eligible to receive federal funds for independent living services, Alaska must establish a Statewide Independent Living Council. On October 26, 1994, Governor Hickel established the Council by Administrative Order No. 149. Senate Bill 117 formally establishes this council in statute. Funding for this council and other independent living services is included in the *Rehabilitation Act Amendments of 1992, Title VII*. The state currently receives approximately \$900,000 under this Act.

Please see the attached sheet for further analysis.

Prepared by: Stan Ridgeway, Deputy Director *Stan Ridgeway* Phone: 465-6932

Division: Vocational Rehabilitation Date: March 16, 1995

Approved by Commissioner: *Shirley Holloway* Shirley Holloway

Agency: Education Date: March 16, 1995

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information call the Governor's Legislative Office

To be eligible to receive federal funds for independent living services, Alaska must establish a Statewide Independent Living Council. Funding for this program is included in the *Rehabilitation Act Amendments of 1992, Title VII*.

Funds, allotted under Part B of *Title VII*, are disbursed to Alaska as a minimal allotment state which means that Alaska will receive not less than \$275,000 for independent living services. The state must match Part B funds by 10%.

In addition, Part C of *Title VII* entitles Alaska to receive not less than \$533,330 in federal funds designated for centers for independent living. There are currently two Alaska centers which receive these funds directly from the federal government under Part C. In FY95, a total for \$602,900 was awarded to two Alaskan independent living centers. Access Alaska received \$301,000 and Southeast Independent Living (SAIL) received \$301,900 from this federal source.

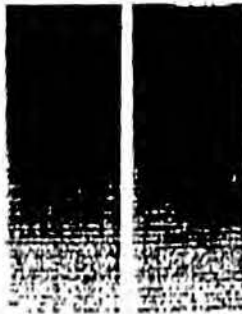
The funding for the independent living program in FY95 is as follows:

Funding Source	Amount (in thousands)
Federal Part B	\$ 283.8
Part B Required State Match	39.1
Federal Part C	602.9
State General Funds	563.4
<b>TOTAL</b>	<b>\$ 1,489.2</b>

The Independent Living Council expenses are funded with Part B and state general funds. The total Council budget is \$142,600, which is 9% of the total funds available. The state Division of Vocational Rehabilitation retained \$10,600 (.7% of the total) for grant monitoring. The remainder of the funds, \$1,336,000 is granted to statewide non-profit organizations for direct consumer services.

Without a Statewide Independent Living Council the state will not be eligible to receive either Part B or Part C federal funds under *Title VII of the Act* resulting in a lost of approximately \$900,000 in federal funds.

5B117



**State of Alaska**  
**Independent Living Council**  
**Tony Knowles, Governor**

701 E. Tudor Road ♦ Anchorage, Alaska 99503-7445 ♦ (907) 562-5606 V/TDD  
 ♦ Fax: (907) 563-0146 ♦

April 4, 1995

Senator Rick Halford  
 State Capitol  
 Juneau, AK 99801-1182

Constance E. Anderson  
 Chair  
 Juneau

Dear Senator Halford:

Dan LaBrosse  
 Vice Chair  
 Fairbanks

The Statewide Independent Living Council (SILC) is very supportive of SB117, "An Act establishing a statewide independent living council and clarifying its relationship with existing agencies; and providing for an effective date." The Council voted to support the effort to establish the Alaska SILC in statute at its January 26-27, 1995 meeting.

Nugget Hlatt  
 Secretary  
 Anchorage

Under federal law, statewide independent living councils are responsible for jointly developing a State Independent Living Plan, monitoring the implementation of this Plan, and coordinating activities with other disability related councils and commissions. This plan includes the allocation of both State and federal resources for independent living services. This is an important element of our role within State government, involving hundreds of thousands of dollars. Establishment of the Council in statute is both responsible and prudent.

Rae Baggan  
 Treasurer  
 Sitka

James R. Burton  
 Fairbanks

Bernardine Graham  
 Anchorage

Derrill Johnson  
 Juneau

SB 117 also clarifies in statute the responsibilities of the Alaska SILC, verses those of the Governor's Council on Disabilities and Special Education. This is important to avoid duplication of efforts.

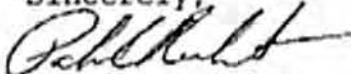
Stan Ridgeway  
 Juneau

Should you have any questions, please do not hesitate to call me at 562-5613.

Earl W. Westphal  
 Sterling

Sincerely,

John A. Woodward  
 Anchorage

  
 Patrick Reinhart  
 Executive Director

Roger Wright  
 Kotzebue

♦  
 Patrick Reinhart  
 Executive Director  
 Anchorage

cc. Members, Alaska Statewide Independent Living Council  
 Commissioner of Education  
 Alaska Division of Vocational Rehabilitation  
 Boards & Commissions, Office of the Governor  
 Governor's Council on Disabilities and Special Education

SB 117

TONY KNOWLES, GOVERNOR

DEPARTMENT OF EDUCATION  
OFFICE OF THE COMMISSIONER

GOLDBELT PLACE  
801 WEST 10TH STREET, SUITE 200  
JUNEAU, ALASKA 99801-1894

(907) 465-2800  
FAX (907) 465-4156

March 16, 1995

The Honorable Rick Halford  
Alaska State Senate  
State Capitol, Room 508  
Juneau, AK 99801-1182

Re: Senate Bill 117  
Establishment of a State Independent Living Council

Dear Senator Halford:


The Department of Education and the Division of Vocational Rehabilitation (DVR) support Senate Bill 117. In order for Alaska to continue receiving federal funds for independent living services, the state must establish in statute a statewide independent council. The Rehabilitation Act of 1973 as Amended in 1992 states in Title VII, Sec. 705 "Statewide Independent Living Council:"

(a) Establishment - to be eligible to receive financial assistance under this chapter, each state shall establish a Statewide Independent Living Council (referred to in this section as the "Council"). The council shall not be established as an entity within another state agency.

We support your efforts in submitting this legislation. For your information I have enclosed a copy of the Alaska Independent Living Council's mission statement, responsibilities and goals as contained in the statewide independent living plan.

If we can be of more assistance in your efforts, please contact me or Stan Ridgeway, Deputy Director, DVR, at 465-6932.

Sincerely,

  
Shirley J. Holloway, Ph.D.  
Commissioner

Enclosure

## ALASKA INDEPENDENT LIVING COUNCIL

---

### Mission

To promote consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities.

### Responsibilities

1. Jointly developing and submitting the State Plan for Independent Living, in conjunction with the Alaska Division of Vocational Rehabilitation.
2. Monitoring, reviewing and evaluating the implementation of the State Plan.
3. Coordinating activities with the Alaska Vocational Rehabilitation Advisory Council and other councils that address the needs of specific disability populations and issues.

### Goals

1. To develop, implement, monitor and evaluate a coordinated and unified statewide service delivery system for independent living.
2. To develop a statewide network of centers for independent living.
3. To maximize working relationships and collaborative ventures for the provision of independent living services.
4. To develop and implement public awareness and outreach activities.

STATE OF ALASKA - OFFICE OF THE GOVERNOR  
Boards and Commissions Office

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Boards and Commissions Office

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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

ADMINISTRATIVE ORDER NO. 149

I, Walter J. Hickel, Governor of the State of Alaska, under the authority of art. III, secs. 1, 16, and 24, of the Alaska Constitution and AS 44.19.145(c), hereby establish by Administrative Order the Alaska Statewide Independent Living Council (council).

Section 1. PURPOSE

The council shall serve as the Statewide Independent Living Council for Alaska required for the receipt of federal financial assistance under 29 U.S.C. 796d, as amended as of July 1, 1994.

Section 2. DUTIES

The council shall perform the duties set out in 29 U.S.C. 796d, to allow the receipt of federal financial assistance in Alaska for independent living services and centers for independent living for Alaskans with severe disabilities. The council may hold hearings or forums in Alaska as the council determines necessary to carry out its duties.

Section 3. MEMBERSHIP; TERMS

The Governor will appoint members to the council who meet the applicable membership requirements set out in 29 U.S.C. 796d. A term of a member will be three years unless the appointment is to fill a vacancy for the remaining years of a prior member's term. A member may not serve more than two consecutive full terms.

Section 4. CONTACT AGENCY

The Alaska Department of Education will serve as lead contact agency for the council. The Alaska Department of Education shall provide reasonable and necessary professional and technical assistance requested by the council.

This Order takes effect immediately.

Dated at Juneau, Alaska this 26 day of October, 1994.

Handwritten signature of Walter J. Hickel in cursive.  
Walter J. Hickel  
Governor



---

# ALASKA DIVISION of VOCATIONAL REHABILITATION

Rehabilitation Act of 1973  
as Amended by  
The Rehabilitation Act  
Amendments of 1992

29 USC 701-744

proper disbursement of and accounting for funds paid to the State under this chapter:

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(B) maintain such other records as the Commissioner determines to be appropriate to facilitate an effective audit;

(C) afford such access to records maintained under subparagraphs (A) and (B) as the Commissioner determines to be appropriate; and

(D) submit such reports with respect to such records as the Commissioner determines to be appropriate;

(5) provide access to the Commissioner and the Comptroller General or any of their duly authorized representatives, for the purpose of conducting audits and examinations, of any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this chapter; and

(6) provide for public hearings regarding the contents of the plan during both the formulation and review of the plan.

(n) The plan shall establish a method for the periodic evaluation of the effectiveness of the plan in meeting the objectives established in subsection (d), including evaluation of satisfaction by individuals with disabilities.

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(5) submit to the Commissioner such periodic reports as the Commissioner may reasonably request, and keep such records, and afford such access to such records, as the Commissioner finds necessary to verify such reports.

(d) The Council is authorized to hold such hearings and forums as the Council may determine to be necessary to carry out the duties of the Council.

(e)(1) The Council shall prepare, in conjunction with the designated State unit, a plan for the provision of such resources, including such staff and personnel, as may be necessary to carry out the functions of the Council under this section, with funds made available under this chapter and part C of title I and from other public and private sources. The resource plan shall, to the maximum extent possible, rely on the use of resources in existence during the period of implementation of the plan.

(2) Each Council shall, consistent with State law, supervise and evaluate such staff and other personnel as may be necessary to carry out the functions of the Council under this section.

(3) While assisting the Council in carrying out its duties, staff and other personnel shall not be assigned duties by the designated State agency or any other agency or office of the State, that would create a conflict of interest.

(f) The Council may use such resources to reimburse members of the Council for reasonable and necessary expenses of attending Council meetings and performing Council duties (including child care and personal assistance services), and to pay compensation to a member of the Council, if such member is not employed or must forfeit wages from other employment, for each day the member is engaged in performing Council duties.

(g) To the extent that a State has established a Council before September 30, 1992, that is comparable to the Council described in this section, such Council shall be considered to be in compliance with this section. Within 1 year after the date of enactment of the Rehabilitation Act Amendments of 1992, such State shall establish a Council that complies in full with this section.

#### *Sec. 706. Responsibilities of the Commissioner*

(a)(1) The Commissioner shall approve any State plan submitted under section 704 that the Commissioner determines meets the requirements of section 704, and shall disapprove any such plan

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/8/95

FURTHER: Finance

*Frank*

Date of 5-Day Notice: 3-15-95  
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-21-95

HESS Committee considered SB 117

Establishing a statewide independent living council and clarifying its relationship with existing agencies; efd.

and recommends:

- be replaced with \_\_\_\_\_ CS SB 117 (HES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

*FN*

- Senate Bill: same title
- new title
- House Bill: same title
- technical title
- new: SCR\* \_\_\_\_\_

SIGNING DO/PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Michael W. Miller</i>	<input checked="" type="checkbox"/>	<i>Gudith P. Sola</i>	<input checked="" type="checkbox"/>		
<i>James A. Seaman</i>	<input checked="" type="checkbox"/>	<i>D. J. Ellis</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>Lynne Green</i>	<input checked="" type="checkbox"/>				

**NEW FISCAL NOTE(S):**

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
<i>DOE</i>	<i>3/16/95</i>		<i>142.6</i>

**PREVIOUS FISCAL NOTE(S):\***

Department Date Zero Fiscal

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**SB**

**120**

**SFIN**

**FILE**

3128195  
 (S) STA, FIN

# FISCAL NOTE

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

BILL NO SB 120

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: An Act relating to the operation of state BRU: Senior Services  
veterans' home facilities Component: Pioneers' Homes  
 Sponsor: Senator Torgerson  
 Requestor: Senator Torgerson COMPONENT SERIAL NO. 1950

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITUR	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	159.4	647.0	2,183.8	2,102.7	2,194.8	2,290.9
TRAVEL	3.0	5.1	7.1	2.2	2.3	2.4
CONTRACTUAL	5.0	901.0	940.3	978.4	1,021.2	1,065.9
SUPPLIES	2.0	247.1	113.4	116.1	121.2	126.5
EQUIPMENT	5.0					
LAND & STRUCTURES						
GRANTS, CLAIMS		2.0	8.4	8.7	9.1	9.5
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>174.4</b>	<b>1,802.2</b>	<b>3,253.0</b>	<b>3,208.1</b>	<b>3,348.6</b>	<b>3,495.2</b>
<b>CAPITAL EXPENDITURES</b>	<b>12,725.2</b>	<b>500.0</b>				
<b>CHANGE IN REVENUES ( )</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	8,271.4	75.5	302.0	302.0	302.0	302.0
1003 GF Match						
1004 GF	4,628.2	2,013.7	2,329.5	2,284.6	2,425.1	2,571.7
1005 GF/Program Receipts		213.0	621.5	621.5	621.5	621.5
1006 GF/MHTIA						
Other						
<b>Total</b>	<b>12,899.6</b>	<b>2,302.2</b>	<b>3,253.0</b>	<b>3,208.1</b>	<b>3,348.6</b>	<b>3,495.2</b>

Estimate of current year (FY 95) cost: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME	3	3	36	33	33	33
PART-TIME		25	9	9	9	9
TEMPORARY			5	5	5	5

**ANALYSIS:** (Attach a separate page if necessary)  
 The passage of SB 120 in and of itself would have no fiscal impact on the division. If the passage of SB 120 causes the State to proceed under AS 44.21.035 (HB 44 from 1992), then the fiscal impact shown in this analysis would occur. The fiscal impact would be caused by the state acquiring or building a veterans' home, thereby obligating the state to fund its operation like it does the Pioneers' Homes. The state would then receive Federal receipts for the per diem paid by the Veterans' Administration (VA) [currently \$25.35], plus GF/Program Receipts for the difference between the VA per diem and the cost of care charged to the residents. This, of course, would be offset by whatever amount of General Funds would be necessary to subsidize the cost of care (e.g., the present cost of nursing home care in Alaska is

Prepared by: Connie J. Sipe, Director *Connie J. Sipe* Phone: 563-5654  
 Division: Senior Services Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Mark Boyer* Date: 3/27/95  
 Agency: Department of Administration

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## FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SB 120

ANALYSIS: (continued)

\$240 per day, the VA pays \$25.35 per day. The veterans who need care in a home are likely to be disabled and low-to-moderate income. It would be unlikely that they could pay full cost of care.

This fiscal note for SB 120 is updated from the Department of Administration fiscal notes submitted with HB 44 which became law in 1992, with the following changes noted. This fiscal note is calculated on the basis of duplicating the Juneau Pioneers' Home, on Palmer property donated to the new veterans' home. Today's fiscal note follows the 1995, not 1992, configuration of the care beds at the Juneau home, namely: 8 residential or domiciliary beds, 25 assisted living beds (both basic and enhanced), and 15 skilled nursing beds.

This 1995 fiscal note also shows greater costs to the department for the planning, equipping and start-up management costs. Since the first fiscal notes were written in 1991, the central office of the Pioneers' Homes has lost several staff to budget reductions and re-assignment of staff to the newly expanded functions of the Division of Senior Services. Central Office could not absorb added duties to plan and start-up the veterans' home without new resources.

For resident revenues, this fiscal note makes general income assumptions based in part on the Pioneers' Homes "indigency" rate of 25% of residents. We are not sure that the VA has an assisted living per diem rate, so we created an average between the domiciliary and nursing rates.

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SB 120

ANALYSIS: (continued)

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<b><u>OPERATING COSTS</u></b>	(One-quarter start-up costs for home in FY97.)					
<b>Personal Services</b>	159.4	647.0	2,183.8	2,102.7	2,194.8	2,290.9
<u>Central Office</u>						
Bldg. Mgt. Specialist	62.4	64.3	66.3			
Contracting Officer	51.5	53.3	54.8			
Admin. Assistant II	<u>45.5</u>	<u>46.9</u>	<u>48.3</u>			
	159.4	164.5	169.4	0.0	0.0	0.0
<u>Staffing for home</u>	(based on current staffing level for Juneau Pioneers' Home plus 4.38%/year.)					
33 PFT, 9 PPT, 5 NP		482.5	2,014.4	2,102.7	2,194.8	2,290.9
Travel	3.0	5.1	7.1	2.2	2.3	2.4
Central Office	3.0	3.1	5.0			
Home		2.0	2.1	2.2	2.3	2.4
Contractual	5.0	901.0	940.3	978.4	1,021.2	1,065.9
Central Office	5.0	3.0	3.0			
Home		898.0	937.3	978.4	1,021.2	1,065.9
Supplies	2.0	247.1	113.4	116.1	121.2	126.5
Central Office	2.0	2.1	2.2			
Home		245.0	111.2	116.1	121.2	126.5
Equipment	5.0	0.0	0.0	0.0	0.0	0.0
Central Office (one-time start-up costs)	5.0					
Home - included under capital acquisitions						
Grants	0.0	2.0	8.4	8.7	9.1	9.5
Home (personal allowance for indigent residents)		2.0	8.4	8.7	9.1	9.5
<b>TOTAL OPERATING</b>	174.4	1,802.2	3,253.0	3,208.0	3,348.5	3,495.2

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SB 120

ANALYSIS: (continued)

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<b>CAPITAL COSTS</b>	12,725.2	500.0	0.0	0.0	0.0	0.0
Land Acquisition	0.0	0.0	0.0	0.0	0.0	0.0

Site Preparation, 12,725.2 500.0  
Construction, Equipment & Furniture

(Based on estimated FY92 fiscal note, with 4.38% estimated inflation. FY97 costs are for specialized beds and medical equipment, computerized medical records and billing system, etc. Estimated state share for FY96 is 35% or \$4,453.8. All of FY97 is State GF.)

**REVENUES** (Cost of care is based on FY95 costs. Assume one-quarter revenue for FY97.)

<u>Skilled Nursing</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<u>Cost</u>					
15 beds @ \$247/day - no inflation	338.1	1,352.3	1,352.3	1,352.3	1,352.3
<u>Estimated Income</u>					
15 beds x \$25.35/day federal reimb.	(34.7)	(138.8)	(138.8)	(138.8)	(138.8)
5 beds @ \$800/month (resident pay)	(12.0)	(48.0)	(48.0)	(48.0)	(48.0)
5 beds @ \$1200/month (resident pay)	(18.0)	(72.0)	(72.0)	(72.0)	(72.0)
5 beds @ \$2000/month (resident pay)	(30.0)	(120.0)	(120.0)	(120.0)	(120.0)
<b>Total Estimated Income</b>	<b>(94.7)</b>	<b>(378.8)</b>	<b>(378.8)</b>	<b>(378.8)</b>	<b>(378.8)</b>
<b>Difference (State GF Subsidy)</b>	<b>243.4</b>	<b>973.5</b>	<b>973.5</b>	<b>973.5</b>	<b>973.5</b>

<u>Assisted Living</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<u>Cost</u>					
25 beds @ \$133/day average - no inflation	303.4	1,213.6	1,213.6	1,213.6	1,213.6
<u>Estimated Income</u>					
25 beds x \$15/day est. federal reimb.	(34.2)	(136.9)	(136.9)	(136.9)	(136.9)
9 beds @ \$900/month (resident pay)	(21.6)	(86.4)	(86.4)	(86.4)	(86.4)
8 beds @ \$1200/month (resident pay)	(28.8)	115.2	115.2	115.2	115.2
8 beds @ \$2000/month (resident pay)	(48.0)	(192.0)	(192.0)	(192.0)	(192.0)
<b>Total Estimated Income</b>	<b>(132.6)</b>	<b>(300.1)</b>	<b>(300.1)</b>	<b>(300.1)</b>	<b>(300.1)</b>
<b>Difference (State GF Subsidy)</b>	<b>170.8</b>	<b>913.5</b>	<b>913.5</b>	<b>913.5</b>	<b>913.5</b>

ANALYSIS: (continued)

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<u>Domiciliary (Residential)</u>						
<u>Cost</u>						
8 beds @ \$66/day - no inflation		48.2	192.7	192.7	192.7	192.7
<u>Estimated Income</u>						
8 beds x \$9/day federal reimb.		(6.6)	(26.3)	(26.3)	(26.3)	(26.3)
4 beds @ \$800/month (resident pay)		(9.6)	(38.4)	(38.4)	(38.4)	(38.4)
4 beds @ \$1200/month (resident pay)		(14.4)	(57.6)	(57.6)	(57.6)	(57.6)
<b>Total Estimated Income</b>		<b>(30.6)</b>	<b>(122.3)</b>	<b>(122.3)</b>	<b>(122.3)</b>	<b>(122.3)</b>
<b>Difference (State GF Subsidy)</b>		<b>17.6</b>	<b>70.4</b>	<b>70.4</b>	<b>70.4</b>	<b>70.4</b>
<b>Total Cost of Care - 48 beds</b>		<b>689.7</b>	<b>2,758.6</b>	<b>2,758.6</b>	<b>2,758.6</b>	<b>2,758.6</b>
<b>Estimated Revenue</b>		<b>(288.5)</b>	<b>(923.5)</b>	<b>(923.5)</b>	<b>(923.5)</b>	<b>(923.5)</b>
Federal		(75.5)	(302.0)	(302.0)	(302.0)	(302.0)
Program Receipts		(213.0)	(621.5)	(621.5)	(621.5)	(621.5)
<b>State General Fund Subsidy</b>		<b>401.2</b>	<b>1,835.1</b>	<b>1,835.1</b>	<b>1,835.1</b>	<b>1,835.1</b>

SB 130

03/24/95

Position Information Inquiry/Update

10:31:38

Position: 02-02#159	Project: 0	Salary Costs: 44,976.00
Component: 02-22-03-03-08-00	Region:	Benefits Costs: 17,382.62
Scenario: 2    FY: 96	COLA %= 0.000	Total Costs: <span style="background-color: black; color: black;">XXXXXXXXXX</span>

-----  
 Actuals not available    (Status: UNKNOWN ) |    Retirement Code:    A  
 -----

00/00/00 0	Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 ) Merit Date; use merit defaults? N    ( 0.0 @    & 0.0 @    ) Class/Sched Prefix: 2    Schedule: 2A (actual:    ) Bargaining Unit: GG    Range: 19 (actual:    ) Location Code: AWA    Place: JUNEAU Job Class Code: P8458    Title: <del>BUILDING MGMT</del> SPECIALYST Seasonal Indic.: F    Type: -
---------------	--

-----  
 Optional Override Salary Rates:  
 Monthly Rate: 0.00    for 0.0 months & rate of 0.00    for 0.0 months  
 Hourly Rate: 0.00    for 0.0 months    Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:  
 1=Premium pay info    2=Funding info    4=Code Translations    6=Calculations  
 7=MISC NEW POS DATA    8=Detail Report    12=Exit w/o update    Selection: 0\_

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.

03/24/95 Position Information Inquiry/Update 10:36:30

Position: 02-02#160 Project: 0 Salary Costs: 36,444.00
Component: 02-22-03-03-08-00 Region: Benefits Costs: 15,071.30
Scenario: 2 FY: 96 COLA % = 0.000 Total Costs: 51,515.30

Actuals not available (Status: UNKNOWN ) Retirement Code: A

00/00/00 Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 )
Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )
Class/Sched Prefix: 2 Schedule: 2A (actual: )
Bargaining Unit: GG Range: 16 (actual: )
Location Code: AWA Place: JUNEAU
Job Class Code: P1914 Title:
Seasonal Indic.: F Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months
Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0

03/24/95 Position Information Inquiry/Update 10:40:10

Position: 02-02#161 Project: 0 Salary Costs: 31,740.00
Component: 02-22-03-03-08-00 Region: Benefits Costs: 13,797.00
Scenario: 2 FY: 96 COLA % = 0.000 Total Costs: 45,537.00

Actuals not available (Status: UNKNOWN ) Retirement Code: A

00/00/00 Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 )
Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )
Class/Sched Prefix: 2 Schedule: 2A (actual: )
Bargaining Unit: GG Range: 14 (actual: )
Location Code: AWA Place: JUNEAU
Job Class Code: P1913 Title:
Seasonal Indic.: F Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months
Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0

JUNEAU PIONEERS' HOME PACS - FY96

Backup to Finance Note for SB130.

027010	CERTIFIED NURSE AIDE	F	AWA	GG 09A	9.6	18.8	0	9.3	28.1
027011	CERTIFIED NURSE AIDE	F	AWA	GG 09A	9.6	18.8	0	9.3	28.1
027030	CERTIFIED NURSE AIDE	P	AWA	GG 09A	4.9	9.6	0	3.7	13.3
02M027	CERTIFIED NURSING AIDE	T	AWA	GG 09A	5.5	10.9	0	1.1	12
02M028	CERTIFIED NURSING AIDE	T	AWA	GG 09A	5.5	10.9	0	1.1	12
02M029	NURSE II	T	AWA	GG 15A	1	2.9	0	0.3	3
02M047	CERTIFIED NURSING AIDE	T	AWA	GG 09A	5.5	10.9	0	1.1	12
02M048	NURSE II	T	AWA	GG 15A	2	5.7	0	0.6	6.3
027800	PIONEERS' HOME ADM I	F	AWA	XE 21CD	12	53.7	0	19.7	73.4
027801	ADMIN ASST II	F	AWA	SS 14J	12	39.4	0	15.8	55.2
027802	CLERK TYPIST III	P	AWA	GG 08B	6	11.4	0	4.4	15.8
027803	DIR OF NURSING, APH	F	AWA	SS 20BC	12	51.6	0	19.1	70.7
027804	MAINTENANCE MECHANIC	F	AWA	LL 52D	12	46.8	3.3	12.8	62.9
027805	SOCIAL WORKER III	F	AWA	GG 16F	12	43.9	0	17.1	61
027806	SUPPLY TECHNICIAN II	F	AWA	GG 12EF	12	32.7	0	14.1	46.8
027807	ACCOUNTING CLERK III	F	AWA	GG 10FJ	12	29.2	0	9	38.2
027808	MAINTENANCE WORKER II	F	AWA	LL 54B	12	38.9	3.1	11.8	53.8
027810	CUSTODIAN II	F	AWA	LL 58B	12	30.6	2.1	10.6	43.2
027811	PHYSICAL THERAPIST	P	AWA	GG 18D	9	34.9	0	11.4	46.3
027812	ACTIVITY THERAPIST II	F	AWA	GG 16EF	12	43.3	1	17.2	61.5
027813	PIONEERS HOME AIDE	F	AWA	GG 07F	12	24.3	0.8	12	37.1
027814	PIONEERS HOME AIDE	F	AWA	GG 07EF	12	24.1	0.8	11.9	36.8
027815	CERTIFIED NURSE AIDE	F	AWA	GG 09EF	12	26.8	1.5	12.9	41.1
027816	NURSE III	F	AWA	GG 16FF	12	43.9	3	17.9	64.8
027817	NURSE III	F	AWA	GG 16B	12	38.1	2.9	16.3	57.4
027818	NURSE III	F	AWA	GG 16CD	12	40.5	3.3	17	60.8
027819	ASSISTED LIVING CARE COORD	F	AWA	GG 17F	12	47	2.2	18.5	67.7
027820	NURSE II	F	AWA	GG 15A	9.6	27.4	2.2	12.2	41.8
027821	NURSE II	F	AWA	GG 15C	9.6	29.4	3.2	13	45.6
027822	NURSE II	F	AWA	GG 15B	12	35.5	3.6	15.8	54.9
027823	NURSE II	P	AWA	GG 15C	9	27.6	3.2	10.3	41.1
027824	NURSE II	P	AWA	GG 15D	9	28.6	2.2	10.3	41.1
027825	CERTIFIED NURSE AIDE	F	AWA	GG 09FJ	12	27.8	1.5	13.1	42.4
027826	CERTIFIED NURSE AIDE	F	AWA	GG 09EF	12	26.8	1.5	12.9	41.2
027827	CERTIFIED NURSE AIDE	F	AWA	GG 09DE	12	25.9	1.5	12.6	40
027828	CERTIFIED NURSE AIDE	F	AWA	GG 09D	12	25.8	1.5	12.6	39.8
027829	CERTIFIED NURSE AIDE	F	AWA	GG 09FJ	12	27.8	3	13.5	44.4

Page 8 of 9

JUNIATA PIONEERS' HOME PACS - FY96

Backup to Fiscal Note for SB120.

027830	CERTIFIED NURSE AIDE	F	AWA	GG 09EF	12	26.9	3	13.3	43.3
027831	CERTIFIED NURSE AIDE	F	AWA	GG 09EF	12	26.9	3	13.3	43.2
027832	CERTIFIED NURSE AIDE	F	AWA	GG 09EF	12	26.8	3	13.3	43.1
027833	CERTIFIED NURSE AIDE	F	AWA	GG 09B	12	24.3	3	12.6	39.9
027834	CERTIFIED NURSE AIDE	F	AWA	GG 09CD	12	25.5	3.6	13.1	42.2
027835	CERTIFIED NURSE AIDE	P	AWA	GG 09C	9	18.7	3.6	8	30.3
027836	CERTIFIED NURSE AIDE	P	AWA	GG 09B	9	18.2	3.6	7.9	29.7
027837	CERTIFIED NURSE AIDE	P	AWA	GG 09C	9	18.7	3.6	8	30.3
027838	MEDICAL RECORDS ASSISTANT	F	AWA	GG 10DE	12	27.8	1	13	41.8
027839	INSERVICE TRAINING COORD	P	AWA	GG 18B	9	32.9	0	10.9	43.8

SENATE COMMITTEE REPORT  
First Committee of Referral

DATE: 3/9/95

FURTHER: Finance

Date of 5-Day Notice: 3/23  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/29/95

State Affairs Committee considered SB 120

Operation of state veterans' home facilities; efd.

*ESV*

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill:

- same title
- new title
- House Bill:
- same title
- technical title
- new: SCR\* \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John A. Linnaw</i>	<i>[Signature]</i>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>					
CHAIR: <i>[Signature]</i>	<i>[Signature]</i>				

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>ADMIN</i>	<i>3/27</i>		<i>124.4</i> <i>12577.0</i>

PREVIOUS FISCAL NOTE(S):\*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**SB**

**121**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/22/95

FURTHER:

3-28-95  
DATE TURNED INTO OFFICE: 3-28-95

The Finance Committee considered SENATE BILL NO. 121

"An Act making an appropriation for deferred maintenance for the University of Alaska; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title
- House Bill:**
- same title
- technical change
- new: SCR \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
Co-Chair: <i>[Signature]</i>	✓				
Co-Chair: <i>[Signature]</i>	✓				

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date    Zero    Fiscal

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*Include fiscal notes accompanying Governor's bill

ALASKA STATE CHAMBER OF COMMERCE

Resolution 95-10

University of Alaska Deferred Maintenance

WHEREAS, the University of Alaska has been unable to fund its needs for maintenance and code compliance since FY83; and

WHEREAS, during the past 12 years the amount received for the above purposes has been approximately 38% of the necessary funds requested from the legislature by the board of Regents; and

WHEREAS, the need for deferred maintenance in parts of the system is so severe that further delay will adversely impact teaching, research, and public service; and

WHEREAS, the University of Alaska Board of Regents has given this need its highest priority; and

WHEREAS, the Alaska State Legislature has addressed this problem, with the House passing enabling legislation and the Senate looking favorably on the issue, yet letting it die in committee at the end of the 1994 session;

THEREFORE BE IT RESOLVED that the Alaska State Chamber of Commerce give active support for legislation providing for a method of funding deferred maintenance for the University of Alaska statewide system as expressed in the University of Alaska prioritized capital budget for 1995.

ADOPTED

December 9, 1994

BY Pamela Neal  
Pamela Neal  
President

BY Paul Richards  
Paul Richards  
Chair, Board of Directors

**SB 121 UNIVERSITY OF ALASKA DEFERRED MAINTENANCE**  
BY SENATORS HALFORD, Sharp, Miller, Pearce

The University of Alaska Board of Regents continues to have deferred maintenance as its top funding priority. Years of inadequate maintenance budgets have resulted in numerous facility system failures that are disrupting programs, increasing operational expenses and jeopardizing safety. Premature facility failure will result if these conditions are not addressed. The state of Alaska has invested hundreds of millions of dollars in university infrastructure, representing over 40 percent of all state facilities. If the state does not move quickly to resolve the growing maintenance problems, the value of this significant investment will be lost and replacement unfeasible.

After years of insufficient funding, the University's deferred maintenance backlog has grown to \$157,455,382. Every campus in the system has deferred maintenance projects, although the majority are at the Fairbanks campus. UAF is the oldest campus in the state, with an average building age of nearly 25 years. A summary of the deferred maintenance projects by major administrative unit is:

University of Alaska Anchorage (Campuses: Anchorage, Kenai, Kodiak, Homer, Mat-Su, Prince William Sound)	\$ 39,815,146
University of Alaska Fairbanks (Campuses: Fairbanks, Bethel, Nome, Kotzebue, Kodiak, Seward, Dillingham, Palmer)	\$113,363,214
University of Alaska Southeast (Campuses: Juneau, Sitka, Ketchikan)	\$ 4,277,022

Of the total deferred maintenance backlog, approximately \$35 million is for residential facilities, and the balance is for classrooms, offices, and laboratories.

Many misperceptions exist about the deferred maintenance problem, including the myth that the University systematically reallocated funds from maintenance accounts, thus creating the problem through bad management. The causes of the deferred maintenance backlog are as follows:

1. From 1980 to 1994, the university's total plant asset increased by 243 percent and increased in size by 145 percent in terms of square footage. During this period of rapid expansion, the operating budgets for building operation, maintenance and renewal remained relatively flat. There were few incremental increases in operating budgets for new structures coming on-line. This reduced the amount available for maintenance and renewal and replacement. The result is a current shortfall in building maintenance systemwide of \$3.8 million and for building renewal and replacement, \$5.8 million.

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**contact:**

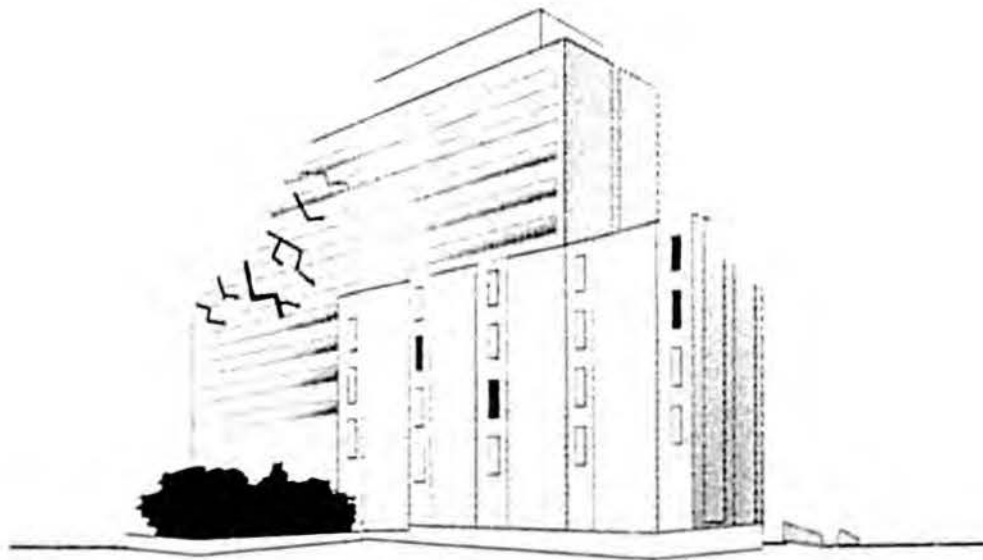
Wendy Redman  
University Relations  
463-3086/474-7582

2. Utility rates increased, from 1980 to 1994, approximately 3 percent per year. Increments to budgets, as a rule, did not keep pace with these increments.
3. University buildings have continued to age. As buildings pass the 20 year mark, the amount needed for building system renewal and replacement climbs rapidly. A 20 year old building with a replacement cost of \$10.0 million needs twice as much for renewal and replacement retrofitting as a 10 year old building valued at \$10 million. The Fairbanks campus, with an average building age of 24.4 years, has 157 buildings 20 years of age or older. The UAA Anchorage campus has seven buildings that are 20 years or older; the Juneau campus has three buildings past 20 years; and the Ketchikan campus has two buildings past 20 years. If renewal and replacement is not funded annually, systems wear out, then become deferred maintenance problems.
4. In FY86, approximately \$1.4 million was removed from the maintenance category and put into maintaining the academic programs at UAF. This was quickly rectified. By FY87 maintenance budget was back to pre-86 levels in absolute dollars. There has only been one major increase to plant maintenance since: At UAF in FY94, approximately \$1.0 million was added to plant maintenance.
5. The methods of quantifying deferred maintenance and operating budget needs for maintenance and renewal and replacement have just been developed in the last five years. At this point in time, it is still an emerging discipline. The federal government did a study, showing that the total operations and maintenance for facilities cost from 2 to 4 percent of the plant value. Nationally, colleges and universities have a plant value estimated at \$300 billion, but deferred maintenance is estimated to be a \$60 billion problem, of which \$20 billion is judged critical, i.e., 20 percent of replacement value is deferred maintenance backlog; 7 percent of replacement value is critical. At UA, \$156 million, or 19 percent, of replacement value is viewed as critical deferred maintenance.

In FY95 the University operating budget is the same as it was in FY94 -- \$169 million. During the same decade, student enrollment has increased by 20%, inflation has decreased purchasing power by 20%, and demands for expensive technology enhancements have placed tremendous strain on the University operating budget. Therefore, while it is true that the University did not diminish its operating maintenance funds during the past decade, neither were they able to make sufficient increases in the budgets to keep pace with inflation and aging facilities.

During the past three years, the University of Alaska has aggressively pursued the allocation of operating funds to prevent deferred maintenance from growing. Policies are in place that require the campuses to secure, through new appropriations or reallocation of existing resources, sufficient funds to maintain the buildings according to the formula requirement. A six-year plan for full funding of renewal and replacement operating funds is also in place. These allocations will be in place by 2001 and will assure sufficient funds to replace building systems on a scheduled basis.

The University's future is tied to resolving the backlog of deferred maintenance and legally mandated code corrections. For the past three years, the University has been seeking legislative support to address the problem. Proposals for cash and/or bonding have been put forward, all to no avail. While policy issues are involved with the determination of a funding source, it is crucial that the problem be addressed in a significant way this session. National experts predict that approximately 6 years are needed from the identification of the funding source to the completion of the backlog of deferred maintenance. Phased funding, with a guaranteed source of funding future phases is essential and a logical solution to funding the backlog.



# University of Alaska Deferred Maintenance

Prepared by  
Statewide Office of Facilities  
January 1995

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**Position Paper**  
**on**  
**Deferred Maintenance**  
**University of Alaska**

The University of Alaska Board of Regents continues to have deferred maintenance as its top funding priority. Years of inadequate maintenance budgets have resulted in numerous facility system failures that are disrupting programs, increasing operational expenses and jeopardizing safety. Premature facility failure will result if these conditions are not addressed. The state of Alaska has invested hundreds of millions of dollars in university infrastructure, representing over 40 percent of all state facilities. If the state does not move quickly to resolve the growing maintenance problems, the value of this significant investment will be lost and replacement unfeasible.

The University of Alaska's first capital request using the title "Deferred Maintenance" was in FY91, wherein the university requested \$3.8 million and received \$2.3 million. Prior to that time, there were numerous requests for repair, deferred maintenance, remodeling, renovation and code compliance. In the eleven years between FY83 and FY94, \$338.0 million was requested, but only \$99.0 million was received, through the legislative appropriation process.

The causes of the deferred maintenance backlog are as follows:

1. From 1980 to 1994, the university's total plant asset increased by 243 percent and increased in size by 145 percent in terms of square footage. During this period of rapid expansion, the operating budgets for building operation, maintenance and renewal remained relatively flat. There were few incremental increases in operating budgets for new structures coming on-line. This reduced the amount available for maintenance and renewal and replacement. The result is a current shortfall in building maintenance systemwide of \$3.8 million and for building renewal and replacement, \$5.8 million.
2. Utility rates increased, from 1980 to 1994, approximately 3 percent per year. Increments to budgets, as a rule, did not keep pace with these increases.
3. University buildings have continued to age. As buildings pass the 20-year mark, the amount needed for building system renewal and replacement climbs rapidly. A 20-year old building with a replacement cost of \$10.0 million needs twice as much for renewal and replacement retrofitting as a 10-year old building valued at \$10 million. The Fairbanks campus, with an average building age of 24.4 years, has 157 buildings 20 years of age or older. The UAA Anchorage campus has seven buildings that are 20 years or older; the Juneau campus has three buildings past 20 years; and the Ketchikan campus has two buildings past 20 years. If renewal and replacement is not funded annually, systems wear out, then become deferred maintenance problems.

4. In FY86, approximately \$1.4 million was removed from the maintenance category and put into maintaining the academic programs at UAF. This was quickly rectified. By FY87 maintenance budget was back to pre-86 levels in absolute dollars. There has only been one major increase to plant maintenance since: at UAF in FY94, approximately \$1.0 million was added to plant maintenance.
5. The methods of quantifying deferred maintenance and operating budget needs for maintenance and renewal and replacement have just been developed in the last five years. At this point in time, it is still an emerging discipline. National expert Dr. Harvey Kaiser reports that there is very little consistency nationally on how campuses budget for maintenance and renewal and replacement. In summary, the federal government did a study, and the results were that the total operations and maintenance for facilities cost from 2 to 4 percent of the plant value. Nationally, colleges and universities have a plant value estimated at \$300.0 billion, but deferred maintenance is estimated to be a \$60.0 billion problem, of which \$20.0 billion is judged critical, i.e., 20 percent of replacement value is deferred maintenance backlog; 7 percent of replacement value is critical. At UA, \$157.5 million, or 19 percent, of replacement value is viewed as critical deferred maintenance.

## Plant Valuation

The university has used a method of plant valuation based on the original capital investment as well as other major capital investments that have been added to the facility over the years. An escalation factor derived from the Means Cost Data is applied each year to escalate the value of the buildings to today's replacement value. Infrastructure has been included in the calculation only if it was part of the original building construction. Complete historical records of stand-alone infrastructure investments are not available. Attachment A shows the value of UAF, UAA and UAS, based on new construction for each building type. The results show a slightly higher value. For operating budget calculations, it has been agreed to continue using the original values escalated to current year.

## Past Funding

In FY94, the university received \$14,239,600. It was distributed as follows:

UAA	\$ 1,714,600
UAS	\$ 450,000
UAF	\$ 12,075,000

Attachment B shows the projects that have been accomplished with these funds.

## Summary

The University of Alaska is aggressively pursuing allocating operating funds to prevent deferred maintenance from growing. Policies are drafted so that in three years the operating budget will have sufficient funds to maintain the buildings according to the formula requirement. A six-year plan for full funding of renewal and replacement operating funds is also drafted. If this plan is realized, sufficient funds will be in place to replace buildings systems on a scheduled basis by 2001. This will be accomplished through reallocation and appropriation.

National experts predict that approximately 5 years are needed from the identification of the funding source to the completion of the backlog of deferred maintenance. Phased funding, with a guaranteed source of funding future phases is essential and a logical solution to funding the backlog.

The current deferred maintenance backlog is \$157,455,382. The previous total of \$153.8 million, reported in the spring of 1993, did not include the infrastructure in all cases. Recognition of the need for upkeep of infrastructure has resulted in part of the increase. Causes of deferred maintenance shown in Items 1, 2, 3 and 4 above contributed to this increase as well. With such underfunding, more systems have worn out and new projects have been identified. Attachment C shows the projects submitted by MAUs for proposed bond funding. Summaries of projects by MAU by campus by building are shown in Attachments D through F.

## Action

After many years of failure in securing a cash solution to the deferred maintenance problem, the university is seeking a bonding option that would involve the issuance of University of Alaska and AHFC bonds. While a cash solution would be best, current state finances suggest this is not a likely option. The proposed legislation authorizes the issuance of \$75 million in bonds with the expectation that the balance of the deferred maintenance backlog will be addressed in future years. With AHFC's mandate to provide financing for state housing projects, they are charged in the legislation with the issuance of \$30 million for the university's housing facilities. The balance of the bonds, \$45 million, would be issued as university bonds for use on non-housing projects. While the legislation anticipates general fund appropriations for the annual debt service, there is no obligation that such appropriations be made. The university bonds will be secured by a pledge of non-general fund university receipts. In the event appropriations for annual debt service are not made in future years, the university will make debt payments from university receipts and adjust other university programs appropriately.