

ALASKA LEGISLATURE

1546

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

**SB**

**208**

**SFIN**

**FILE**

TONY KNOWLES  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

208  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
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January 8, 1996

The Honorable Drue Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 18 of the Alaska Constitution, I am transmitting a bill making a supplemental appropriation that would provide "bridge financing" from the general fund to operate certain federally-funded activities pending resolution of the federal budget impasse and making necessary changes related to conditions on certain fiscal year 1996 appropriations.

The President and the Congress have been deadlocked over the proposed enactment of several appropriation bills. These bills contain amounts that would finance administrative costs and benefit payments for several programs providing essential assistance to Alaskans. The most pressing concern is caused by the lack of timely receipt of federal money to pay employees of the division of employment security in the Department of Labor. This division is responsible for the payment of unemployment insurance benefits to over 19,000 families. The administrative costs of this division are financed from the part of the federal budget that is in dispute between the President and Congress. Federal money to pay the salaries of employees engaged in operating the occupational safety and health programs of the state (OSHA) may also be unavailable during the impasse. Section 2 of the bill makes an appropriation from the general fund to provide the necessary "bridge financing."

Other essential benefit programs administered by the Department of Health and Social Services are nearing the end of available federal money. These programs include Medicaid, aid to families with dependent children, and "meals on wheels". Our ability to carry on with the provision of benefits is not immediately threatened because these programs also receive general fund matching money that could be expended on an accelerated basis to cover the immediate costs of benefits.

The Honorable Druce Pearce

January 8, 1996

Page 2

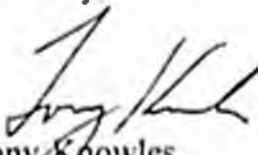
Section 3 of the bill contains a provision that would authorize program managers to spend matching money without regard to any requirement to also receive corresponding federal money.

All of the foregoing provisions would be made subject to the express intent that the Administration do whatever is necessary to recover full reimbursement from the federal government. There has been no suggestion from the responsible federal agencies that reimbursement would be unavailable upon enactment of the federal budget. Responsible state officials will be instructed to do whatever is necessary to preserve our limited general fund money.

The advice of the legislative budget and audit committee concerning this matter was sought during a special meeting held in Juneau on January 5, 1996. Depending on recent developments in the Congress, it may not be necessary to provide for immediate "bridge financing." However, as suggested by members of the legislative budget and audit committee, it is prudent to introduce this bill so that it may serve as the vehicle for addressing any other problems that may arise during the federal budget impasse.

I urge your favorable consideration of this bill.

Sincerely,

  
Tony Knowles  
Governor

**SB**

**210**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/3/96

DATE TURNED IN TO OFFICE: 5-1-96

The Finance Committee considered SB 210

Relating to taxes on cigarettes and tobacco products; efd.

DATE: 5/01/96

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS SB 210 (STA)
- 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
  - ncw: SCR \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Steve Thayer</i>	✓	<i>Roll E. Kelly</i>	✓		
<i>Bob Sharp</i>	X	<i>W. J. ...</i>	✓		
		<i>Paul C. Zerkoff</i>	✓		
Co-Chair: <i>Arnold</i>	✓	Co-Chair: <i>Rich Halford</i>			
Co-Chair:		Co-Chair: <i>Rich Halford</i>	✓		

**NEW FISCAL NOTE(S):**

Department      Date      Zero      Fiscal


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

Department      Date      Zero      Fiscal

#2 DOR	4/3/96	636	33,426.8 REV.

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Increase Tobacco Taxes BRU: Revenue Operations  
 Component: Income and Excise Audit  
 Sponsor: Senator Ellis  
 Requestor: (S) STA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	45.6	45.6	45.6	45.6	45.6	45.6
TRAVEL	1.0	1.0	1.0	1.0	1.0	1.0
CONTRACTUAL	8.0	3.0	8.0	8.0	8.0	3.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	8.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>63.6</b>	<b>50.6</b>	<b>55.6</b>	<b>55.6</b>	<b>55.6</b>	<b>50.6</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( GF )	33,426.8	44,781.7	45,185.5	54,077.6	54,267.0	54,547.9
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	63.6	50.6	55.6	55.6	55.6	50.6
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>63.6</b>	<b>50.6</b>	<b>55.6</b>	<b>55.6</b>	<b>55.6</b>	<b>50.6</b>

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Paul E Dick  
 Division: Income and Excise Audit Division  
 Approved by Commissioner: Wilson L. Condon  
 Agency: Department of Revenue

Phone: 365-3691  
 Date: March 12, 1996  
 Date: March 12, 1996

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**Alaska Department of Revenue  
Income and Excise Audit Division**

SB 210  
Increase Tobacco Taxes  
9-LS1314\C  
March 12, 1996  
Page 2 of 4

**Bill Analysis**

Section 1 increases cigarette tax rates as follows:

<b>Effective Date</b>	<b>School Fund Base Rate <i>(AS 43.50.090)</i></b>	<b>General Fund Additional Tax <i>(AS 43.50.190)</i></b>	<b>Rate Increase <i>(General Fund)</i></b>	<b>Total Tax (per pack)</b>
Current	\$ .05	\$ .24	N/A	\$ .29
10/1/96	\$ .05	\$ .24	\$1.00	\$1.29
7/1/99	\$ .05	\$1.24	\$ .24	\$1.53
7/1/02	\$ .05	\$1.48	\$ .24	\$1.77
7/1/05*	\$ .05	\$1.72	\$ .24	\$2.01

\* Rates would increase by 12 mills per cigarette, which is 1.2¢ per cigarette or 24¢ per pack, each succeeding three-year period after July 1, 2005.

Section 2 requires that Department of Revenue give public notice for each rate change.

Section 3 raises the tobacco products tax from 25% to 100% of the wholesale price of the tobacco products.

Section 4 provides for adjusting the tobacco products tax rate based on the change in the Consumer Price Index for the Anchorage area. The index for January 1997 would be the reference base index. The tax would be subject to adjustment on July 1 of each even-numbered year.

Section 5 requires that Department of Revenue give public notice for each rate change.

Section 6 establishes an effective date of October 1, 1995.

**Alaska Department of Revenue**  
***Income and Excise Audit Division***

SB 210  
Increase Tobacco Taxes  
9-LS1314\C  
March 12, 1996  
Page 3 of 4

**Operating Expenditures**

Department of Revenue is requesting operating funds to cover the costs of a vacant tax examiner III position which was not funded in FY 97. With such a large increase in taxes due the state (increase from \$17 to \$50+ million annually), the department anticipates increased taxpayer noncompliance. With significantly higher levels of tax, it is possible that taxpayers will look for loopholes or other methods of tax avoidance. This position will be responsible for insuring that all taxpayers are identified and that taxpayers are filing and paying the proper amount of tax.

The Department is requesting contractual funding of \$5.0 in each year that there is a rate change to cover costs of public notice, forms revisions and postage.

**Revenue**

The attached spreadsheet details revenue projections from rate increases in this bill.

**Alaska Department of Revenue  
Income and Excise Audit Division**

SB 210  
Increase Tobacco Taxes  
9-LS1314C  
March 12, 1996  
Page 4 of 4

	<b>FY 96</b>	<b>FY 97</b>			<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>
	<i>Projected</i>	<i>July - Sept</i>	<i>Oct - June</i>	<i>Total</i>					
<b>Cigarettes</b>									
<i>Elasticity Factor</i>			<i>1.15%</i>		<i>1.18% Annualized</i>	<i>0.0%</i>	<i>3.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Consumption (packs of cigarettes)	54,340,000	13,585,000	33,215,325	46,800,325	44,287,100	44,287,100	42,958,487	42,958,487	42,958,487
Rate	\$0.29	\$0.29	\$1.29	<i>Variable</i>	\$1.29	\$1.29	\$1.53	\$1.53	\$1.53
Cigarette Tax	\$15,758,600	\$3,939,650	\$42,847,769	\$46,787,419	\$57,130,359	\$57,130,359	\$65,726,485	\$65,726,485	\$65,726,485
<b>Tobacco Products</b>									
<i>Elasticity Factor</i>			<i>18.5%</i>		<i>1.18% Annualized</i>	<i>1.0%</i>	<i>0.0%</i>	<i>2.0%</i>	<i>0.0%</i>
Consumption (Wholesale Price)	\$6,000,000	\$1,500,000	\$3,667,500	5,167,500	\$4,890,000	\$4,841,100	\$4,841,100	\$4,453,812	\$4,453,812
Rate	25%	25%	100%	<i>Variable</i>	100%	104%	104%	111%	111%
Tobacco Products Tax	\$1,500,000	\$375,000	\$3,667,500	\$4,042,500	\$4,890,000	\$5,034,744	\$5,034,744	\$4,943,731	\$4,943,731
<b>Total Cigarette and Tobacco Tax</b>	<b>\$17,258,600</b>	<b>\$4,314,650</b>	<b>\$46,515,269</b>	<b>\$50,829,919</b>	<b>\$62,020,359</b>	<b>\$62,165,103</b>	<b>\$70,761,229</b>	<b>\$70,670,216</b>	<b>\$70,670,216</b>
Population Increase	N/A			1.0038	1.0076	1.0118	1.0158	1.0199	1.0239
Adjusted Increase	N/A			51,023,073	62,492,609	62,900,541	71,882,483	72,073,783	72,357,539
Less 1% Commission	(172,586)			(510,231)	(624,926)	(629,005)	(718,825)	(720,738)	(723,575)
<b>Net Cigarette and Tobacco Tax</b>	<b>\$17,086,014</b>			<b>50,512,842</b>	<b>61,867,683</b>	<b>62,271,536</b>	<b>71,163,658</b>	<b>71,353,046</b>	<b>71,633,963</b>
FY 96 Projected Net Tax				(17,086,014)	(17,086,014)	(17,086,014)	(17,086,014)	(17,086,014)	(17,086,014)
<b>Tobacco Tax Increase</b>				<b>\$33,426,828</b>	<b>\$44,781,669</b>	<b>\$45,185,522</b>	<b>\$54,077,644</b>	<b>\$54,267,032</b>	<b>\$54,547,949</b>

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue (S) Publish Date: \_\_\_\_\_  
 Title: Increase Tobacco Taxes BRU: Revenue Operations  
 Component: Income and Excise Audit  
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 Requestor: (S) STA COMPONENT SERIAL NO. 113

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<b>CHANGE IN REVENUES ( GF )</b>	<b>33,426.8</b>	<b>44,781.7</b>	<b>45,185.5</b>	<b>54,077.6</b>	<b>54,267.0</b>	<b>54,547.9</b>

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PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Paul E. Dick Phone: 465-3691  
 Division: Income and Excise Audit Division Date: March 12, 1996  
 Approved by Commissioner: Wilson L. Condon Date: March 12, 1996  
 Agency: Department of Revenue

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Alaska Department of Revenue  
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SB 210  
Increase Tobacco Taxes  
9-LS1314\C  
March 12, 1996  
Page 2 of 4

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204

Alaska Department of Revenue  
*Income and Excise Audit Division*

SB 210  
Increase Tobacco Taxes  
9-LS1314\C  
March 12, 1996  
Page 3 of 4

**Operating Expenditures**

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**Revenue**

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374

Alaska Department of Revenue  
Income and Excise Audit Division

SB 210  
Increase Tobacco Taxes  
9-LS1314C  
March 12, 1996  
Page 4 of 4

	<b>FY 96</b> <i>Projected</i>	<b>FY 97</b> <i>July - Sept</i>	<b>FY 97</b> <i>Oct - June</i>	<b>FY 97</b> <i>Total</i>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>
<b>Cigarettes</b>									
<i>Elasticity Factor</i>			-18%		(18% Annualized)	0%	1%	0%	0%
Consumption (packs of cigarettes)	54,340,000	13,585,000	33,215,325	46,800,325	44,287,100	44,287,100	42,958,487	42,958,487	42,958,487
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<i>Elasticity Factor</i>			18%		(18% Annualized)	1%	0%	2%	0%
Consumption (Wholesale Price)	\$6,000,000	\$1,500,000	\$3,667,500	5,167,500	\$4,890,000	\$4,841,100	\$4,841,100	\$4,453,812	\$4,453,812
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<b>Tobacco Tax Increase</b>				<b>\$33,426,828</b>	<b>\$44,781,689</b>	<b>\$45,185,522</b>	<b>\$54,077,644</b>	<b>\$54,267,032</b>	<b>\$54,547,949</b>

474

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

FISCAL NOTE REPORTED BY SFC 5/6/96 Bill Version: CS SB 210(STA)  
(S) Publish Date: 4/4/96

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Increase Tobacco Taxes BRU: Revenue Operations  
Component: Income and Excise Audit  
Sponsor: Senator Ellis  
Requestor: (S) SIA COMPONENT SERIAL NO. 113

Expenditures/Revenues (Thousands of Dollars)

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GRANTS, CLAIMS						
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<b>TOTAL OPERATING</b>	<b>63.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (GF)</b>	<b>33,426.8</b>	<b>44,781.7</b>	<b>45,040.5</b>	<b>45,287.1</b>	<b>45,533.6</b>	<b>45,780.1</b>

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	63.6	50.6	50.6	50.6	50.6	50.6
1005 GF Program Receipts						
1037 GF Mental Health						
Other						
<b>TOTAL</b>	<b>63.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)  
  
**(See Attached Analysis)**

Prepared by: Paul F. Dick Phone: 465-3691  
Division: Income and Excise Audit Division Date: April 3, 1996  
Approved by Commissioner: Wilson L. Condon Date: April 3, 1996  
Agency: Department of Revenue

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**Alaska Department of Revenue  
Income and Excise Audit Division**

CSSB 210(STA)  
Increase Tobacco Taxes  
9-LS1314W  
April 3, 1996  
Page 2 of 3

**Bill Analysis**

**Section 1** provides intent language that new tax revenue derived from cigarette and tobacco increases, subject to appropriation, be directed toward an aggressive anti-tobacco campaign targeting children, pass-through grants to municipalities to detect and prosecute persons who sell or supply tobacco to children, and state support of elementary and secondary education.

**Section 2** increases the general fund portion of the cigarette tax by \$1.00 per pack, from 12 mills (24c per pack) to 62 mills (\$1.24 per pack). Combining these rates with the 2.5 mills (5c per pack) levied under AS 43.50.090, which is dedicated to the School Fund, the total tax on a pack of cigarettes would increase from \$.29 to \$1.29.

**Section 3** increases the tobacco products tax from 25% to 100% of the wholesale price of the tobacco products.

**Section 4** establishes an effective date of October 1, 1996.

**Operating Expenditures**

Department of Revenue is requesting operating funds to cover the costs of a vacant tax examiner III position which was not funded in FY 97. With such a large increase in taxes due the state (increase from \$17 to \$60+ million annually), the department anticipates increased taxpayer noncompliance. With significantly higher levels of tax, it is possible that taxpayers will look for loopholes or other methods of tax avoidance. This position will be responsible for insuring that all taxpayers are identified and that taxpayers are filing and paying the proper amount of tax.

The Department is requesting \$5.0 additional contractual funding in FY 97 to cover costs of public notice of rate increases, forms revisions and postage.

**Revenue**

The attached spreadsheet details revenue projections from rate increases in this bill.

Alaska Department of Revenue  
Income and Excise Audit Division

CSSB 210(STA)  
Increase Tobacco Taxes  
0-LS1314X  
April 3, 1996  
Page 3 of 3

	FY 96 Projected	FY 97 July - Sept	FY 97 Oct - June	FY 97 Total	FY 98 [1.8% Annualized]	FY 99 [0%]	FY 00	FY 01	FY 02
<b>Cigarettes</b>									
<i>Elasticity Factor</i>			-18.1%		[1.8% Annualized]	0%			
Consumption (packs of cigarettes)	54,340,000	13,585,000	33,215,325	46,800,325	44,287,100	44,287,100	44,287,100	44,287,100	44,287,100
Rate	\$0.29	\$0.29	\$1.29	Variable	\$1.29	\$1.29	\$1.29	\$1.29	\$1.29
Cigarette Tax	\$15,758,600	\$3,939,650	\$42,647,769	\$46,787,419	\$57,130,359	\$57,130,359	\$57,130,359	\$57,130,359	\$57,130,359
<b>Tobacco Products</b>									
<i>Elasticity Factor</i>			-18.1%		[1.8% Annualized]				
Consumption (Wholesale Price)	\$6,000,000	\$1,500,000	\$3,667,500	5,167,500	\$4,890,000	\$4,890,000	\$4,890,000	\$4,890,000	\$4,890,000
Rate	25%	25%	100%	Variable	100%	100%	100%	100%	100%
Tobacco Products Tax	\$1,500,000	\$375,000	\$3,667,500	\$4,042,500	\$4,890,000	\$4,890,000	\$4,890,000	\$4,890,000	\$4,890,000
<b>Total Cigarette and Tobacco Tax</b>	<b>\$17,258,600</b>	<b>\$4,314,650</b>	<b>\$46,515,269</b>	<b>\$50,829,919</b>	<b>\$62,020,359</b>	<b>\$62,020,359</b>	<b>\$62,020,359</b>	<b>\$62,020,359</b>	<b>\$62,020,359</b>
Population Increase	N/A			1.0036	1.0076	1.0116	1.0156	1.0199	1.0239
Adjusted Increase	N/A			51,023,073	62,492,609	62,754,065	63,003,109	63,252,133	63,501,157
Less 1% Commission	(172,586)			(510,231)	(624,926)	(627,541)	(630,031)	(632,521)	(635,012)
<b>Net Cigarette and Tobacco Tax</b>	<b>\$17,086,014</b>			<b>50,512,842</b>	<b>61,867,683</b>	<b>62,126,544</b>	<b>62,373,078</b>	<b>62,619,612</b>	<b>62,866,145</b>
FY 96 Projected Net Tax				(17,086,014)	(17,086,014)	(17,086,014)	(17,086,014)	(17,086,014)	(17,086,014)
<b>Tobacco Tax Increase</b>				<b>\$33,426,828</b>	<b>\$44,781,669</b>	<b>\$45,040,530</b>	<b>\$45,287,064</b>	<b>\$45,533,598</b>	<b>\$45,780,132</b>

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Increase Tobacco Taxes BRU: Revenue Operations  
 Component: Income and Excise Audit  
 Sponsor: Senator Ellis  
 Requestor: (S) STA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	45.6	45.6	45.6	45.6	45.6	45.6
TRAVEL	1.0	1.0	1.0	1.0	1.0	1.0
CONTRACTUAL	8.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	8.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>63.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES (GF)	33,426.8	44,781.7	45,040.5	45,287.1	45,533.6	45,780.1
-------------------------	----------	----------	----------	----------	----------	----------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	63.6	50.6	50.6	50.6	50.6	50.6
1006 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>63.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>	<b>50.6</b>

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Paul E. Dick Phone: 463-3691  
 Division: Income and Excise Audit Division Date: April 3, 1996  
 Approved by Commissioner: Wilson L. Condon Date: April 3, 1996  
 Agency: Department of Revenue

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**Alaska Department of Revenue  
Income and Excise Audit Division**

CSSB 210(STA)  
Increase Tobacco Taxes  
9-LS1314K  
April 3, 1996  
Page 2 of 3

**Bill Analysis**

**Section 1** provides intent language that new tax revenue derived from cigarette and tobacco increases, subject to appropriation, be directed toward an aggressive anti-tobacco campaign targeting children, pass-through grants to municipalities to detect and prosecute persons who sell or supply tobacco to children, and state support of elementary and secondary education.

**Section 2** increases the general fund portion of the cigarette tax by \$1.00 per pack; from 12 mills (24c per pack) to 62 mills (\$1.24 per pack). Combining these rates with the 2.5 mills (5c per pack) levied under AS 43.50.090, which is dedicated to the School Fund, the total tax on a pack of cigarettes would increase from \$.29 to \$1.29.

**Section 3** increases the tobacco products tax from 25% to 100% of the wholesale price of the tobacco products.

**Section 4** establishes an effective date of October 1, 1996.

**Operating Expenditures**

Department of Revenue is requesting operating funds to cover the costs of a vacant tax examiner III position which was not funded in FY 97. With such a large increase in taxes due the state (increase from \$17 to \$60+ million annually), the department anticipates increased taxpayer noncompliance. With significantly higher levels of tax, it is possible that taxpayers will look for loopholes or other methods of tax avoidance. This position will be responsible for insuring that all taxpayers are identified and that taxpayers are filing and paying the proper amount of tax.

The Department is requesting \$5.0 additional contractual funding in FY 97 to cover costs of public notice of rate increases, forms revisions and postage.

**Revenue**

The attached spreadsheet details revenue projections from rate increases in this bill.

Alaska Department of Revenue  
Income and Excise Audit Division

CSSB 210(STA)  
Increase Tobacco Taxes  
9-LS1314K  
April 3, 1996  
Page 3 of 3

	<b>FY 96</b> <i>Projected</i>	<i>July - Sept</i>	<b>FY 97</b> <i>Oct - June</i>	<i>Total</i>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>
<b>Cigarettes</b>									
	<i>Elasticity Factor</i>		<i>1.0%</i>		<i>1.0%</i> Annualized	<i>1.0%</i>			
Consumption (packs of cigarettes)	54,340,000	13,585,000	33,215,325	46,800,325	44,287,100	44,287,100	44,287,100	44,287,100	44,287,100
Rate	\$0.29	\$0.29	\$1.29	Variable	\$1.29	\$1.29	\$1.29	\$1.29	\$1.29
Cigarette Tax	<u>\$15,758,600</u>	<u>\$3,939,850</u>	<u>\$42,847,769</u>	<u>\$46,787,419</u>	<u>\$57,130,359</u>	<u>\$57,130,359</u>	<u>\$57,130,359</u>	<u>\$57,130,359</u>	<u>\$57,130,359</u>
<b>Tobacco Products</b>									
	<i>Elasticity Factor</i>		<i>1.0%</i>		<i>1.0%</i> Annualized				
Consumption (Wholesale Price)	\$6,000,000	\$1,500,000	\$3,667,500	5,167,500	\$4,890,000	\$4,890,000	\$4,890,000	\$4,890,000	\$4,890,000
Rate	25%	25%	100%	Variable	100%	100%	100%	100%	100%
Tobacco Products Tax	<u>\$1,500,000</u>	<u>\$375,000</u>	<u>\$3,667,500</u>	<u>\$4,042,500</u>	<u>\$4,890,000</u>	<u>\$4,890,000</u>	<u>\$4,890,000</u>	<u>\$4,890,000</u>	<u>\$4,890,000</u>
<b>Total Cigarette and Tobacco Tax</b>	<b><u>\$17,258,600</u></b>	<b><u>\$4,314,850</u></b>	<b><u>\$46,515,269</u></b>	<b><u>\$50,829,919</u></b>	<b><u>\$62,020,359</u></b>	<b><u>\$62,020,359</u></b>	<b><u>\$62,020,359</u></b>	<b><u>\$62,020,359</u></b>	<b><u>\$62,020,359</u></b>
Population Increase	N/A			1.0038	1.0076	1.0118	1.0158	1.0199	1.0239
Adjusted Increase	N/A			51,023,073	62,492,809	62,754,085	63,003,109	63,252,133	63,501,137
Less 1% Commission	<u>(172,586)</u>			<u>(510,231)</u>	<u>(624,926)</u>	<u>(627,541)</u>	<u>(630,031)</u>	<u>(632,521)</u>	<u>(635,012)</u>
<b>Net Cigarette and Tobacco Tax</b>	<b><u>\$17,086,014</u></b>			<b><u>50,512,842</u></b>	<b><u>61,867,883</u></b>	<b><u>62,126,544</u></b>	<b><u>62,373,078</u></b>	<b><u>62,619,612</u></b>	<b><u>62,866,146</u></b>
FY 96 Projected Net Tax				<u>(17,086,014)</u>	<u>(17,086,014)</u>	<u>(17,086,014)</u>	<u>(17,086,014)</u>	<u>(17,086,014)</u>	<u>(17,086,014)</u>
<b>Tobacco Tax Increase</b>				<b><u>\$33,428,828</u></b>	<b><u>\$47,781,669</u></b>	<b><u>\$45,040,530</u></b>	<b><u>\$45,287,064</u></b>	<b><u>\$45,533,598</u></b>	<b><u>\$45,780,132</u></b>

SENATE FINANCE COMMITTEE

SB 210 INCREASE TOBACCO TAXES

PLEASE SIGN-IN BELOW

NAME: Glen Ray  
Co./Dept/Title: Division of Public Health Phone: 465-340  
Health Promotion Program Manager  
Address: Box 110616 Zip: 99811  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: Anne Marie Holen  
Co./Dept/Title: Alaska Native Health Board Phone: 337-0028  
Address: 1345 Rudskof Circle, Suite 206 Zip: 99508  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: GLENN HARKNEY  
Co./Dept/Title: SDF Phone: 474-0610  
Address: 1136 SUNSET DR. FGS Zip: 99709  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: Bob Birtheimer  
Co./Dept/Title: Dept. of Revenue Phone: 465-4773  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: Ruth Parriott  
Co./Dept/Title: AMER. LAWYERS' SOCIETY Phone: 277 8696  
Address: 1057 Frews Rd Anch. Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: Don Depovich  
Co./Dept/Title: Ex Director Advisory Board on Alcohol & Drug Abuse Phone: 465-4667  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_  
Co./Dept/Title \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_  
Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_  
Co./Dept/Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond to Questions



# Alaska State Legislature

Session:  
State Capitol  
Juneau AK 99801-1182

Senate State Affairs

Interim:  
716 W 4th Avenue  
Anchorage AK 99501-2133

CSSB 210 (STA) Version "K" dated 3/26/96

"An Act relating to taxes on cigarettes and tobacco products; and for an effective date."

Senate State Affairs CS adds a flat \$1.00 per pack (62 mils) tax on cigarettes. (Original bill tax amount escalated up on a periodic basis and included CPI increases.)

Intent language also added to direct new funding for: 10% to be used for establishing an aggressive anti-tobacco campaign targeting children, administered by the Department of Health and Social Services; 10% to be used by the Department of Public Safety as pass-through grants to municipalities to detect and prosecute those who sell or other wise supply tobacco to children; remainder to be expended for state support of elementary and secondary education.

**FISCAL NOTES:** Note that the fiscal note for SB 234 (also an Act relating to taxes on cigarettes and tobacco products) more accurately reflects the expected revenues of this new CS for the first three fiscal years FY97 through FY99. A revised fiscal note from Department of Revenue should reflect these changes.

Ann  
4/2/96

# ALASKA STATE LEGISLATURE

Senate Health, Education and  
Social Services Committee

Senate Judiciary Committee

Department of Health and Social  
Services Budget Subcommittee

Department of Law  
Budget Subcommittee



Whelan Session  
State Capitol, Rm 9  
Juneau, Alaska 99801  
(907) 405-3704  
fax (907) 405-2520

Whelan Library  
10 West 4th Ave Ste 402  
Anchorage, Alaska 99501  
(907) 266-1500  
fax (907) 266-1570

## SENATOR JOHNNY ELLIS

### SPONSOR STATEMENT CS FOR SENATE BILL 210 (STATE AFFAIRS)

#### TOBACCO TAX

CS for Senate Bill 210 (State Affairs) would raise the excise tax on tobacco. This proposal follows the recommendation of the Long Range Financial Planning Commission, and is designed to provide more revenues to more effectively offset the costs of tobacco-induced diseases, and to keep people from forming tobacco addictions at an early age.

Tobacco use is the single most preventable cause of premature death and crippling disease in the United States, and Alaska nearly tops the national list for smoking-related deaths. Twenty-eight percent of Alaskan adults smoke cigarettes regularly as compared to the national median of twenty-two percent. Nearly eighty-four percent of Alaskan adults who smoke started between the ages of 10 and 20 years old. These statistics provide compelling reasons to bring Alaska's tobacco taxes up to a level that corresponds to the rate of tobacco abuse in Alaska.

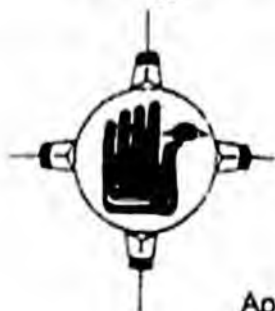
The current tax on cigarettes is \$.29 per pack, set in 1989. Under this proposal, cigarettes would be taxed at a rate of 62 mills per cigarette, which would amount to a levy of \$1.29 per pack until 1999. The State Affairs Committee Substitute deletes most of Section 1 of the original bill, which would have increased the excise levy by 12 mills every three years. The State Affairs CS also deletes the consumer price index (CPI) adjustment contained in Section 4 of the original bill, which would have increased the excise on cigarettes in relation to the rate of inflation.

For tobacco other than cigarettes, the excise tax levied would increase from 25 percent to 100 percent of the wholesale price of tobacco products. CSSB 210 (State Affairs) is an important component of the Long Range Financial Planning Commission's proposal to bridge Alaska's fiscal gap -- it is estimated that this tax increase would raise at least **\$33 million annually beginning in FY97**. More importantly, it would dramatically lower teenage smoking and tobacco use, and will reduce future expenditures on health care costs.

The State Affairs CS adds legislative intent language, which directs where the money raised from this tax should be spent. Ten percent would be used to establish an anti-tobacco campaign aimed at children and administered by the Department of Health and Social Services. Another ten percent would go to the Department of Public Safety as pass-through grants to municipalities to aid them in cracking down and prosecuting those stores and vendors that illegally sell tobacco products to minors. The remaining revenues would be used to fund elementary and secondary education in the state.

I urge your support of CSSB 210 (State Affairs).

5B210



10014 CRAZY HORSE DR. • JUNEAU, AK 99801 • Tel: 463-1950 (EXT. 444) • Fax: 463-2536

JUNEAU TEEN HEALTH CENTER

April 9, 1996

Senator Rick Halford, Co-Chair  
Senate Finance Committee  
State Capitol  
Juneau, AK 99811

re: Tobacco Tax

Dear Senator Halford,

I am writing to urge you to reconsider the notion of a Tobacco Tax. I am strongly in favor of this tax as I believe it will reduce the number of teenagers who will begin smoking. This fact alone is enough to reduce the total dollars we Alaskans spend on health care in the long run. In the short run we will have a new stream of revenue that can pay for some of the expensive treatments associated with prolonged smoking -- lung cancer, emphysema, chronic bronchitis and the like.

*Please allow this issue to have a public hearing before going to the full Senate.*

The current level of tobacco tax is one of the lowest in the nation and has not kept pace with inflation. When first initiated, the tax equaled 24% of the cost of a pack of cigarettes; currently, the tax is only 14%. Please overcome your aversion to taxes in general. Pay special attention to this one as it is supported by about 3/4 of the people of this state.

Sincerely,

Avis C. Hayden, PhD  
Adolescent Health Coordinator

cc: Senator Jim Duncan, Juneau

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

DATE: 1/10/96

FURTHER: Finance

Date of 5-Day Notice: 2/1/96  
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/3/96

The State Affairs Committee considered SB 210

\*An Act relating to taxes on cigarettes and tobacco products; and providing for an effective date\*

*New FN to CS forthcoming*

and recommends:

be replaced with CS SB 210 (STB)

adopt previous CS (    )

attached amendment(s)

adopt Letter of Intent by      Committee

further referral to the      Committee

same title  
 technical title  
 new SCR\*

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Brew &amp; Huan</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>(contingent upon appropriate disposal of operating budget)</i>		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>				

**NEW FISCAL NOTE(S):**

Department      Date      Zero      Fiscal

Department	Date	Zero	Fiscal
<i>Revenue</i>	<i>3/12/96</i>		<i>1997 (15,000,000)</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**

**213**

**SFIN**

**FILE**

Copies to Co-chairs 2-9-96  
Copied for SB 213 file  
TONY KNOWLES, GOVERNOR

SB 213 + 214  
HB 412

# OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE (907) 465-4660  
FAX (907) 465-3008

February 9, 1996

The Honorable Steve Frank  
The Honorable Rick Halford  
Co-Chairs, Senate Finance Committee  
State Capitol  
Juneau, AK 99801-1182

Dear Co-Chairs Frank and Halford:

To support the work of the Alaska Mental Health Trust Authority (AMHTA) and provide for a more comprehensive review of all programs relating to mental health trust beneficiaries, we think it would be helpful to compile all mental health operating, capital and administration budgets into a single appropriations bill. Therefore, please consider the following amendments to SB 214, the mental health bill we submitted to you earlier this month.

### 1.) TITLE CHANGE TO SB 214

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date." This change will allow inclusion of capital projects relating to mental health to facilitate programmatic review of the integrated mental health package.

### 2.) AMENDMENTS TO SB 214

a) Amend Section 2, page 1, line 8, "Shortfalls", to read "If either Mental Health Trust Authority Authorized Receipts (AS 37 14 036) or Mental Health Trust Administration Receipts (AS 37 14 036) fall short of the estimates appropriated in this Act . . . ." (This amendment has been suggested to clearly reference back to the mental health trust settlement income account which is only administered by the Alaska Mental Health Trust Authority under AS 37.14.039.)

Also in response to the concerns of the AMHTA (see their attached letter, items 2, 9 and 13), we suggest the following amendments:

b) Amend Section 3, page 2, lines 3 and 4 to read ". . . Health Funds [and] from [the] Mental Health Trust Authority Authorized Receipts (AS 37 14 036), and from Mental Health Trust Administration Receipts (AS 37 14 036) [income account], as set out in the fiscal year 1997 . . . ."

c) (1) Section 3, page 6, line 5, is amended to read:

	Allocations
Psychiatric Emergency Services	<u>5,581,100</u> (5,331,100)

(2) Section 3, page 6, line 6, is amended to read:

Services for Seriously Emotionally Disturbed Youth	<u>6,288,500</u> (6,538,500)
--	---------------------------------

d) Section 3, following page 6, line 20, a new appropriation is added as follows:

* * * * *	<u>Department of Revenue</u>	* * * * *
		Appropriation      Other Funds
	<u>Alaska Mental Health Trust Authority</u>	<u>893,500</u> <u>893,500</u>

e) The fund sources noted in Section 4, page 8, line 15, and in Section 5, page 10, line 4 should be amended as follows:

\*Mental Health Trust Authority Authorized Receipts (AS 37.14.036)\*

f) Within Section 4, page 8, line 20, insert the following:

<u>DEPARTMENT OF REVENUE</u>	
<u>MENTAL HEALTH TRUST ADMINISTRATION RECEIPTS (AS 37.14.036)</u>	<u>893,500</u>
<u>*** TOTAL FUNDING ***</u>	<u>893,500</u>

**3.) CAPITAL ADDITIONS**

New sections should be added to Senate Bill 214 for capital projects supporting mental health trust beneficiaries. These proposed projects were included in the Alaska Mental Health Trust Authority proposed capital budget on pages 33-34 of the AMHTA Final Report. These projects will be funded through a combination of General Fund/Mental Health, Mental Health Trust Authority Authorized Receipts, and State (AHFC) Corporation Receipts. Funding sections should be adjusted for department and summary information. The explanatory notes in parentheses would not be part of the amendments.

	General Appropriation	Other Funds	Other Funds
<b>DEPARTMENT OF HEALTH AND SOCIAL SERVICES</b>			
(a) <u>DHSS Data Integration Project</u> (50% from General Fund/Mental Health funds (1037) and 50% from MHTA Authorized Receipts (1092) for linkage of the department's administrative and program data bases at the client level so beneficiary needs and services can be tracked accurately)	<u>150,000</u>	<u>75,000</u>	<u>75,000</u>
(b) <u>Alcoholism and Drug Abuse Emergency Services Modifications</u> (100% MHTA Authorized Receipts (1092) to allow seven detox beds to go "on-line" )	<u>150,000</u>		<u>150,000</u>
(c) <u>Moving/Renovation Costs for Aniak Community Mental Health Center</u> (100% MHTA Authorized Receipts (1092) under AS 37 05 316 to relocate the Center and renovate the new location)	<u>125,000</u>		<u>125,000</u>

	Appropriation	General Funds	Other Funds
(d) <u>Gateway Mental Health Center Clinic Addition/Renovation (Ketchikan)</u> (100% MHTA Authorized Receipts (1092) under AS 37.05.316 for Gateway Mental Health Center addition and renovation)	<u>212,000</u>		<u>212,000</u>
(e) <u>Competitive Grants for Remodeling/Renovation of Mental Health Facilities</u> (100% MHTA Authorized Receipts (1092) for competitive grants for remodeling and renovation of facilities serving trust beneficiaries.)	<u>250,000</u>		<u>250,000</u>

DEPARTMENT OF REVENUE

(f) <u>DHSS Beneficiary and Special Needs Housing Program</u> (50% AHFC Corporation Receipts (1022) and 50% MHTA Authorized Receipts (1092) for home improvements and modifications to improve accessibility for beneficiary families)	<u>500,000</u>		<u>500,000</u>
(g) <u>Pioneer Homes Renovations, Repairs &amp; Modifications</u> (50% AHFC Corporation Receipts (1022) and 50% MHTA Authorized Receipts (1092). This project will complete the ADRD units in Sitka and Fairbanks Pioneer Homes and new units in the Palmer and Juneau Pioneer Homes.)	<u>543,800</u>		<u>543,800</u>
(h) <u>Add lapse date information for capital projects</u> <u>The appropriations made by sections 3 (a) - 3 (g) are for capital projects and are subject to AS 37.25.020.</u>			

4.) AMENDMENTS TO SB 213

- a) Delete Section 26, page 37, line 20 [Alaska Mental Health Trust Authority 893,500].  
(will now be in the amended version of SB 214)
- b) Delete Section 27, page 56, line 15 [Mental Health Trust Administration 893,500].  
(will now be in the amended version of SB 214)
- c) Amend Section 27, page 56, line 16 to read "Total Funding 124,380,400".  
(to reflect the deletion of (b) above)
- d) Delete Section 28, page 62, line 10 [Mental Health Trust Administration 893,500].  
(will now be in the amended version of SB 214)

The Honorable Steve Frank  
The Honorable Rick Halford

February 9, 1996

e.) Amend Section 28, page 62, line 11 to read "Total Funding 3,585,204,400".  
(to reflect the deletion of (d) above)

Thank you for your consideration of these amendments.

Sincerely,

A handwritten signature in cursive script that reads "Annalee McConnell". The signature is written in dark ink and is positioned above the printed name and title.

Annalee McConnell  
Director

Attachments

# Alaska Mental Health Trust Authority

3601 C Street, Suite 742  
Frontier Building  
Anchorage, AK 99503  
Phone: (907) 269-7960  
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January 24, 1996

The Honorable Tony Knowles  
Governor of Alaska  
PO Box A  
Juneau, AK 99811

Dear Governor Knowles:

Thank you for the December 15, 1995 letter from Annalee McConnell explaining the differences between the Governor's proposed FY97 operating budget and the Alaska Mental Health Trust Authority's recommendations. This letter contains the Authority's response to your explanation.

The Authority appreciates the consideration you and your staff gave to our recommendations. We thank you, the Office of Management and Budget, and the offices of the Commissioners of Health and Social Services, Corrections and Administration for establishing an open and professional dialog with the Authority and our staff concerning the financial needs of the State's integrated comprehensive mental health program.

The Authority recognizes the financial difficulties faced by the State of Alaska. We know you must make overall budget reductions to close the State's fiscal gap. Nonetheless, we believe that the reductions made to the funding for the State's integrated comprehensive mental health program fail to recognize real needs of the Authority's beneficiary population and the fiscal pressures faced by the organizations that serve these beneficiaries. Our specific comments follow.

## All Departments

1. Your recommendation changes the funding level of 13 components to reflect salary adjustments and changes in risk management and information services chargebacks. While the Authority recognizes these changes as necessary, we believe these changes set a double standard — certain cost increases for state agencies are funded, while no cost increases for nonprofit organizations that provide direct services are funded (and in some cases decrements are taken). The State has for several years failed to fund increments related to increased costs of service, maintenance of effort, continuation, or similar purposes. We believe the State should recognize that costs of providing services do increase, and such costs should be funded for both state agencies and nonprofit organizations providing direct services.

2. The operating budget you submitted appropriates funding to state agencies from fund source 1092 — Mental Health Trust Settlement Income Account. Under the terms of the Mental Health Settlement, Mental Health Trust income cannot be appropriated except for administrative expenses incurred by the Authority. The Authority recognizes that the administration agrees and understands that direct appropriation of Mental Health Trust income is inconsistent with the settlement legislation. The Authority requests that you revise this fund source "Mental Health Trust Authority Authorized Receipts" (MHTAAR) or a similar title that recognizes the Authority's decision-making role in regards to these funds.

3. The fund source used for Authority funding to the Department of Health and Social Services for mental health programs (1092) is inconsistent with the fund source used for Authority funding to the

Department of Natural Resources to manage trust lands (1007 — Inter-Agency Receipts). The Authority recommends you use fund source 1092 for both agencies. Monies for the Authority's operations are, under the terms of the settlement, appropriated by the Legislature and should therefore be separately coded consistent with your budget request (1094 — Mental Health Trust Administration).

Department of Health and Social Services

4. You recommend transferring \$1,000,000 from the Medicaid Community Health Grant component to the Medicaid Services component. The Authority concurs with this recommendation.

5. You recommend combining the Medicaid Non-Facility and Medicaid Facility components into a single component. The Authority recognizes that decreased funding for State agency operations requires simplifying all State procedures, including budgeting. The Authority further recognizes that the flexibility caused by such a change can be helpful to program management. The Authority is concerned that the balance between facility-based and non-facility based services could be unreasonably changed by administrative action during the year. The Authority requests that the Department report periodically to the Authority and appropriate beneficiary boards during the fiscal year concerning the actual expenditures for facility-based and non-facility based services.

6. You recommend combining all of the Division of Mental Health and Developmental Disabilities components into a single Budget Request Unit. The Authority recognizes that decreased funding for State agency operations requires simplifying all State procedures, including budgeting. The Authority further recognizes that the flexibility caused by such a change can be helpful to program management. The Authority is concerned that the balance between components could be unreasonably changed by administrative action during the year. The Authority requests that the Authority and appropriate beneficiary boards be notified prior to any transfers between components with GMH funding during the fiscal year.

7. You recommend a 1% decrement to a series of BRUs and components. While the Authority recognizes the State's fiscal problems require budget changes, we believe this is not reasonable in light of the state's commitment under the settlement to continue to fund core mental health services.

8. You recommend transfer of \$220.1 from General Community Mental Health Grants to Psychiatric Emergency Services Grants and transfer of \$55.0 from Designated Evaluation and Treatment to Psychiatric Emergency Services Grants. The Authority understands that this conforms the FY97 request to actual FY96 funding. The Authority is concerned with the lack of public process in this transfer and requests that future similar transfers be reviewed with the Authority and appropriate beneficiary boards prior to any action being taken.

9. You show a transfer in of \$250.0 from Harborview for MH Grants Crisis Respite Services under Services for Seriously Emotionally Disturbed Youth. The Authority, after consultation with the Department of Health and Social Services, requests this transfer instead be placed in the Psychiatric Emergency Services component.

10. Your budget request transfers \$385.0 from Harborview for placement of the Sourdough Unit residents in community programs. The Authority supports this transfer, as evidenced by our agreement to provide an equal amount of Trust Income in the Harborview budget during the transition period. The Authority recognizes this funding is for a partial year, and is not annualized, and requests your FY98 budget request include the full amount of the transfer. Under the Harborview close-out plan, some of the Harborview residents will be transferred to programs operated by the Department of Administration, Division of Senior Services. The Authority is concerned that there has been a lack of communication

between the DHSS Division of Mental Health and Developmental Disabilities and the DOA Division of Senior Services regarding necessary community capacity-building within DSS for the transfer of responsibility for the Harborview Sourdough Unit residents. The Authority requests the Commissioner of Health and Social Services to facilitate meetings between DHSS/DMHDD, DOA/DSS and the Authority to determine the appropriate division of Harborview Sourdough Unit funding between the two divisions.

11. Your budget request includes a decrement of \$585.0 from Harborview. It is our understanding that the administration is committed to use Harborview savings to support community-based beneficiary programs. The Authority requests you reconsider this decrement, and instead transfer the savings from Harborview close-out to appropriate community-based beneficiary programs.

Department of Corrections

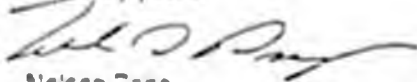
12. Your recommended funding base for the Department of Corrections shifts \$241.6 from GF/MH to GF for Inmate Health Care, and \$412.0 from GF/MH to GF for Inmate Programs. The Authority maintains its position that mental health services are needed for Alaska's prison population, and that these amounts should continue to be budgeted as GF/MH and used to support mental health service needs. The Authority is concerned with the lack of communication from the Department of Corrections concerning the change in Inmate Programs, and asks the administration to ensure that the Authority is consulted regarding any changes to mental health programs within the Department of Corrections. The Authority requests that the Authority and appropriate beneficiary boards be consulted prior to any changes between GF/MH and GF funding during the fiscal year or in future budget requests.

Department of Revenue

13. Your budget requests funding for the Authority's operations in the regular State operating budget. After some reconsideration the Authority recommends the appropriations for its operations be placed instead in the comprehensive integrated mental health program funding bill. This will ensure that all mental health programs, their support and administration, can be reviewed together.

Governor, once again the Authority thanks you and your staff for the excellent working relationship your administration has created with the Authority and our staff. We appreciate your consideration of the needs of Alaska's mental health trust beneficiaries.

Sincerely yours,



Nelson Page

Chair

cc: Representative Mark Hanley, Co-chairman, House Finance Committee  
Representative Richard Foster, Co-Chairman, House Finance Committee  
Senator Steve Frank, Co-Chairman, Senate Finance Committee  
Senator Rick Haford, Co-Chairman, Senate Finance Committee  
Representative Terry Martz, Chairman, Legislative Budget & Audit Committee

SENATE BILL NO. 213

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/12/96

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations for the operating and loan program expenses  
2 of state government, for certain programs, and to capitalize funds; making  
3 appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska,  
4 from the constitutional budget reserve fund; and providing for an effective  
5 date."

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

7 • Section 1. ALASKA CLEAN WATER FUND. The sum of \$8,815,400 is appropriated  
8 to the Alaska clean water fund (AS 46.03.032) for the Alaska clean water loan program from  
9 the following sources:

10	General fund	\$1,469,200
11	Federal receipts	7,346,200

12 • Sec. 2. ALASKA HOUSING FINANCE CORPORATION. (a) The sum of \$50,000,000  
13 from the available unrestricted cash in the general account of the Alaska housing finance

1	2	3	4	5	APPROPRIATION		APPROPRIATION FUND SOURCES		1
					ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	
		•••••		•••••					3
		•••••	DEPARTMENT OF REVENUE	•••••					4
		•••••		•••••					5
6	ALASKA STUDENT AID CORPORATION				9,109,000	1,832,100	7,276,900		6
7	PROGRAM ADMINISTRATION				1,044,000				7
8	STUDENT LOAN OPERATIONS				6,107,900				8
9	WICHE STUDENT EXCHANGE PROGRAM				193,600				9
10	WAMI MEDICAL EDUCATION				1,309,000				10
11	FEDERAL STUDENT AID				454,500				11
12	CHILD SUPPORT ENFORCEMENT				14,464,100	1,954,800	12,509,300		12
13	ALCOHOLIC BEVERAGE CONTROL BOARD				647,200	647,200			13
14	MUNICIPAL BOND BANK AUTHORITY				562,000		562,000		14
15	PERMANENT FUND CORPORATION				29,113,200		29,113,200		15
16	ALASKA HOUSING FINANCE CORPORATION				30,701,800		30,701,800		16
17	OPERATIONS				11,694,400				17
18	RURAL HOUSING				2,703,800				18
19	PUBLIC HOUSING				16,303,600				19
20	<del>ALASKA MENTAL HEALTH TRUST AUTHORITY</del>				<del>893,500</del>		<del>893,500</del>		20
21	REVENUE OPERATIONS				33,094,100	8,321,100	24,773,000		21

*Delete  
(will now  
be in SD 214)*

*be 26  
part 37  
June 20*

1	DEPARTMENT OF REVENUE (CONT.)			1
2	BENEFITS SYSTEMS RECEIPTS	75,400		2
3	STATE CORPORATION RECEIPTS	48,577,400		3
4	INTERNATIONAL AIRPORT REVENUE FUND	24,500		4
5	PUBLIC EMPLOYEES RETIREMENT FUND	14,241,300		5
6	TEACHERS RETIREMENT SYSTEM FUND	8,228,000		6
7	JUDICIAL RETIREMENT SYSTEM	103,400		7
8	NATIONAL GUARD RETIREMENT SYSTEM	16,400		8
9	STUDENT REVOLVING LOAN FUND	20,800		9
10	UNIVERSITY RECEIPTS	30,400		10
11	PERMANENT FUND DIVIDEND FUND	4,595,400		11
12	INVESTMENT LOSS TRUST FUND	16,400		12
13	CAPITAL IMPROVEMENT PROJECT RECEIPTS	1,222,000		13
14	PUBLIC SCHOOL FUND	57,200		14
15	<del>MENTAL HEALTH TRUST ADMINISTRATION</del>	<del>833,300</del>	<i>Delete</i>	15
16	<i>Amend</i> TOTAL FUNDING ...	124,380,400	<i>125,213,900 revise</i>	16
17	DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES			17
18	FEDERAL RECEIPTS	942,600		18
19	GENERAL FUND MATCH	75,700		19
20	GENERAL FUND RECEIPTS	98,894,400		20
21	GENERAL FUND/PROGRAM RECEIPTS	3,119,500		21

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 698

Central Microfilm Services  
Department of Education  
State of Alaska

1	DEPARTMENT OF REVENUE (CONT.)			1
2	BENEFITS SYSTEMS RECEIPTS	75,400		2
3	STATE CORPORATION RECEIPTS	48,577,400		3
4	INTERNATIONAL AIRPORT REVENUE FUND	24,500		4
5	PUBLIC EMPLOYEES RETIREMENT FUND	14,241,300		5
6	TEACHERS RETIREMENT SYSTEM FUND	8,228,000		6
7	JUDICIAL RETIREMENT SYSTEM	103,400		7
8	NATIONAL GUARD RETIREMENT SYSTEM	16,400		8
9	STUDENT REVOLVING LOAN FUND	20,800		9
10	UNIVERSITY RECEIPTS	30,400		10
11	PERMANENT FUND DIVIDEND FUND	4,595,400		11
12	INVESTMENT LOSS TRUST FUND	16,400		12
13	CAPITAL IMPROVEMENT PROJECT RECEIPTS	1,222,000		13
14	PUBLIC SCHOOL FUND	57,200		14
15	<del>MENTAL HEALTH TRUST ADMINISTRATION</del>	<del>893,300</del>	<i>Delete</i>	15
16	<i>amend</i> TOTAL FUNDING ...	124,380,400	125,273,900 <i>revised</i>	16
17	DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES			17
18	FEDERAL RECEIPTS	942,600		18
19	GENERAL FUND MATCH	75,700		19
20	GENERAL FUND RECEIPTS	98,874,400		20
21	GENERAL FUND/PROGRAM RECEIPTS	3,119,500		21

1 STATEWIDE FUNDING SUMMARY (CONT )

2	ALASKA CLEAN WATER LOAN FUND	447,900
3	MARINE HIGHWAY SYSTEM FUND	79,686,000
4	INDV/FOUNDT'N/CORP GIFTS/GRANTS/BEQUESTS	920,300
5	STORAGE TANK ASSISTANCE FUND	3,203,900
6	INFORMATION SERVICES FUND	20,407,400
7	POWER COST EQUALIZATION	19,947,700
8	GENERAL FUNDS - DESIGNATED	26,366,600
9	CLEAN AIR PROTECTION FUND	1,943,900

10 ~~MENTAL HEALTH TRUST ADMINISTRATION~~ ~~893,500~~ *Delete*

11 . . . . . TOTAL FUNDING . . . *raised* ~~3,586,087,900~~ *3,585,204,400*

12 [SECTION 29 OF THIS ACT BEGINS ON PAGE 63]

SENATE BILL NO. 214

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/12/96  
Referred: STA, HES, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations for the operating <sup>and capital</sup> expenses of the state's  
2 integrated comprehensive mental health program; and providing for an effective  
3 date."

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

5 • Section 1. PURPOSE. In accordance with AS 37.14.003 and AS 37.14.005, the  
6 appropriations made by this Act are for the state's integrated comprehensive mental health  
7 program.

8 • Sec. 2. SHORTFALLS. <sup>either</sup> If <sup>authentically authorized</sup> mental health trust <sup>(AS 37.14.036) or Health Trust Administration</sup> receipts <sup>(AS 37.14.036)</sup> fall short of the estimates  
9 appropriated in this Act, the affected appropriation is reduced by the amount of shortfall in  
10 receipts.

11 (SECTION 3 OF THIS ACT BEGINS ON PAGE 2)

1 • SEC. 3. THE FOLLOWING APPROPRIATION ITEMS ARE FOR 1

2 OPERATING EXPENDITURES FROM THE GENERAL FUND/MENTAL 2

3 HEALTH FUNDS ~~AND~~ FROM THE MENTAL HEALTH TRUST Authority Authority & Receipts (AS 37.14.036) and from Mental, 3

4 ~~INCOME ACCOUNT~~ Health Trust Administration Receipts (AS 37.14.036) 4

5 BUDGET SUMMARY BY FUNDING SOURCE TO THE AGENCIES 5

6 NAMED AND FOR THE PURPOSES EXPRESSED FOR THE FISCAL 6

7 YEAR BEGINNING JULY 1, 1996, AND ENDING JUNE 30, 7

7 1997, UNLESS OTHERWISE INDICATED. 7

	APPROPRIATION		APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
11	.....	.....		
12	.....	DEPARTMENT OF ADMINISTRATION	.....	
13	.....	.....		
14	SENIOR SERVICES	2,501,900	2,501,900	
15	PIONEERS HOMES	420,800		
16	PROTECTION, COMMUNITY SERVICES, AND ADMINISTRATION	209,500		
17	HOME AND COMMUNITY-BASED CARE	1,871,600		
18	LEGAL AND ADVOCACY SERVICES	619,800	619,800	
19	OFFICE OF PUBLIC ADVOCACY	619,800		

1 DEPARTMENT OF HEALTH AND SOCIAL SERVICES (CONT.)

	APPROPRIATION		APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
GENERAL COMMUNITY MENTAL HEALTH GRANTS	2,438,200			
PSYCHIATRIC EMERGENCY SERVICES	<del>5,331,100</del>	5,581,100		
SERVICES TO THE CHRONICALLY MENTALLY ILL	10,918,700			
DESIGNATED EVALUATION AND TREATMENT	1,046,300			
SERVICES FOR SERIOUSLY EMOTIONALLY DISTURBED YOUTH	<del>6,538,500</del>	6,288,500		
MENTAL HEALTH/DEVELOPMENTAL DISABILITIES				
ADMINISTRATION	3,373,000			
ALASKA PSYCHIATRIC INSTITUTE	5,950,300			
HARBORVIEW DEVELOPMENTAL CENTER	3,845,800			
MENTAL HEALTH TRUST BOARDS		717,600	717,600	
ALASKA MENTAL HEALTH BOARD	382,900			
ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE	334,700			
. . . . .				
. . . . . DEPARTMENT OF LAW . . . . .				
. . . . .				
CIVIL DIVISION		67,200	67,200	
GENERAL LEGAL SERVICES	67,200			

ALASKA DEPARTMENT OF REVENUE

ALASKA MENTAL HEALTH TRUST AUTHORITY

893,500

893,500

1	• SEC. 4. THE FOLLOWING SETS OUT THE FUNDING BY		1
2	AGENCY FOR THE APPROPRIATIONS MADE IN SECTION 3		2
3	OF THIS ACT.		3
4	DEPARTMENT OF ADMINISTRATION		4
5	GENERAL FUND/MENTAL HEALTH	3,121,700	5
6	*** TOTAL FUNDING ***	3,121,700	6
7	DEPARTMENT OF CORRECTIONS		7
8	GENERAL FUND/MENTAL HEALTH	3,442,300	8
9	*** TOTAL FUNDING ***	3,442,300	9
10	DEPARTMENT OF EDUCATION		10
11	GENERAL FUND/MENTAL HEALTH	227,900	11
12	*** TOTAL FUNDING ***	227,900	12
13	DEPARTMENT OF HEALTH AND SOCIAL SERVICES		13
14	GENERAL FUND/MENTAL HEALTH	101,752,100	14
15	MENTAL HEALTH TRUST <sup>Authority Authorized</sup> RECEIPTS	1,945,000	15
16	*** TOTAL FUNDING ***	103,697,100	16
17	DEPARTMENT OF LAW		17
18	GENERAL FUND/MENTAL HEALTH	67,200	18
19	*** TOTAL FUNDING ***	67,200	19
20	UNIVERSITY OF ALASKA		20
21	GENERAL FUND/MENTAL HEALTH	200,000	21

DEPARTMENT OF REVENUE  
 MENTAL HEALTH TRUST Administration Receipts (AS 37.14.036) 893,500  
 \*\*\* TOTAL FUNDING \*\*\* PAGE 8 893,500

1	• SEC. 5. THE FOLLOWING SETS OUT THE FUNDING FOR		1
2	THE APPROPRIATIONS MADE IN SECTIONS 3, <sup>and</sup> 4 OF THIS ACT.		2
3	GENERAL FUND/MENTAL HEALTH	108,851,300	3
4	MENTAL HEALTH TRUST/RECEIPTS <sup>Authority Authorized,</sup>	1,945,000	4
5	• • • • • TOTAL FUNDING • • • • •	110,796,300	5
6	• SEC. 6. THIS ACT TAKES EFFECT JULY 1, 1996.		6

Add new section or sections for capital items (7 projects Total (5 in DHSS and 2 in DOR) and adjust funding sections accordingly by department and in summary form.)

Add lapse date information for capital projects

**MENTAL HEALTH CAPITAL PROJECTS**

**Comparison of FY97 Governor's Request with Alaska Mental Health Trust Authority Recommendations**

Administering Department	Project Title	Project Description	97 GOV GF/MH 1037	97 GOV MHTA Auth Rcpts 1092	97 GOV Corp Rcpts 1022	97 GOV TOTAL	AMHTA Recommendation	Difference FY97 Governor and FY97 AMHTA
H&SS (AHFC)	DHSS Beneficiary and Special Needs Housing Program	Continuation of home modifications, including barrier removal and accessibility enhancements geared to serving special populations of adults and youth. Modifications and home improvements for beneficiary families. Jointly administered by DHSS and AHFC.		250.0	250.0	500.0	500.0	0.0
H&SS	Alcoholism and Drug Abuse Emergency Services Modifications	Funds for seven detox beds to go "on-line" in FY97. Funds could be used for facility renovation, medical equipment, beds, or bedding.		150.0		150.0	150.0	0.0
H&SS	Moving/Renovation Aniak Community MH Center	Funds a required move of the Kuskokwim Native Association Community Counseling Program building from FAA site to a site near the Community Center. Also renovates building.		125.0		125.0	125.0	0.0
H&SS	Clinic Addition/Renovation -- Ketchikan	Completes unfinished project of remodel of clinic waiting area, support staff area, and medical records storage area at the Gateway Center for Human Services in Ketchikan.		212.0		212.0	212.0	0.0
H&SS	Remodel/Renovate Facilities -- Competitive Grants Pioneer Homes	Competitive grants for remodeling and renovation of facilities serving mental health trust beneficiaries. Facility completion of units in Pioneer homes located in Palmer and Juneau and to complete the new ADRD units in Sitka and Fairbanks. Jointly administered by DOA and AHFC.		250.0		250.0	250.0	0.0
Admin (AHFC)	Renovations, Repairs, and Modifications	Provide linkage of the department's administrative and program data bases at the client level so beneficiary needs and services can be tracked accurately.		271.9	271.9	543.8	543.8	0.0
H&SS	Data Integration Project	Partial funding of large identified need to bring mental health program facilities into compliance with the Americans with Disabilities Act.	75.0	75.0		150.0	150.0	0.0
H&SS	ADA Mandated Compliance						300.0	(300.0)

**MENTAL HEALTH CAPITAL PROJECTS**

Comparison of FY97 Governor's Request with Alaska Mental Health Trust Authority Recommendations								
Administering Department	Project Title	Project Description	97 GOV GF/MH 1037	97 GOV MHTA Auth Rcpts 1092	97 GOV Corp Rcpts 1022	97 GOV TOTAL	AMHTA Recommendation	Difference FY97 Governor and FY97 AMHTA
H&SS	ADA Upgrades	Pay for 50% of the cost of upgrading grantee facilities statewide to meet ADA requirements. Three-year plan put forth by ABADA to make facilities accessible to clients with disabilities.					300 0	(300 0)
various	Vehicles for coordinated client services	Acquisition of vehicles that can be used across programs that assist mental health trust beneficiaries					1,000 0	(1,000 0)
H&SS	Program modifications - agency & state facilities	Modifications for agency and state contracted facilities.					200 0	(200 0)
H&SS	Crisis respite and/or clinic replacement/renovation	Reconfigures existing facilities into integrated facilities that include crisis respite space and/or clinic replacement or renovation					500 0	(500 0)
H&SS	Remodel/rehabilitation of existing facilities	Grants to upgrade current facilities to include re-roofing, carpeting and reconfiguration; replace vehicles, computers and other office equipment/furniture for programs and facilities.					750 0	(750 0)
H&SS	Construction of new and replacement facilities	Purchase/construction of facilities for existing services. Will be prioritized via RFP process and funded based on the merit of the proposals submitted					1,000 0	(1,000 0)
Admin	New adult day care facilities in Chugiak and planning for new adult day care facility in Palmer	Both facilities have ADA compliance problems. Chugiak has 20 to 30 clients in the area that could receive services. Palmer needs additional space for current clients and has an additional eight clients waiting for services.					993 2	(993 2)
H&SS	Adaptive Equipment	Procurement of adaptive equipment as recommended by the Governor's Council on Disabilities and Special Education.					300 0	(300 0)
GRAND TOTAL			75 0	1,333 9	521 9	1,930 8	7,274 0	(5,343 2)

Comparison of AMHTA Mental Health Funding Recommendations with

Governor's FY97 Mental Health Operating Request

HRF	COMPONENT	97 GOV GF/MH 1017	97 GOV MHFA Auth Rept 1072	97 GOV MHF Admin Repts 1074	Total 97 GOV MH	Total 97 AMHTA Mental Health Recommendation	Difference FY97 Governor and FY97 AMHTA	Summary of Change
<b>DEPARTMENT OF ADMINISTRATION</b>								
Senior Services	Pioneer Homes	420.8	0.0	0.0	420.8	414.0	6.8	Salary Risk Mgmt/ Information Services adjustments
Senior Services	Protection, Community Services, and Administration	209.5	0.0	0.0	209.5	210.2	-0.7	Formerly Senior Services Administration, Salary Risk Management/ and Information Services adjustments
Senior Services	Home and Community-Based Care	1,871.6	0.0	0.0	1,871.6	2,721.6	-850.0	Formerly Office of Public Advocacy HRU Transfer in from HRSS for \$250.0 in GF/MH was discussed with the AMHTA Board. Of the \$1,100,000 proposed by AMHTA, (\$850,000) was left unfunded.
Legal and Advocacy Services	Office of Public Advocacy	619.8	0.0	0.0	619.8	611.1	8.7	Salary Risk Mgmt/ Information Services adjustments
<b>Department of Administration Totals</b>		<b>3,121.7</b>	<b>0.0</b>	<b>0.0</b>	<b>3,121.7</b>	<b>3,956.9</b>	<b>(835.2)</b>	
<b>DEPARTMENT OF CORRECTIONS</b>								
Statewide Program	Inmate Health Care	1,071.0	0.0	0.0	1,071.0	1,317.9	-246.9	Salary Risk Mgmt adjustments Increment approved for \$80.0 in GF/MH. Switch fund of \$241,600 GF/MH to GF to correct error of the \$110,000 request, \$30,000 increment for prison mental health psychiatric residential program was not funded.
Statewide Program	Inmate Program	169.1	0.0	0.0	169.1	781.1	-612.0	Switch fund of \$412,000 GF/MH to GF to reflect est. % of Mental Health programming.
<b>Department of Corrections Totals</b>		<b>1,240.1</b>	<b>0.0</b>	<b>0.0</b>	<b>1,240.1</b>	<b>2,099.0</b>	<b>(858.9)</b>	

Comparison of AMHTA Mental Health Funding Recommendations with

Governor's FY97 Mental Health Operating Request

IRU	COMPONENT	97 GOV GF/MH 1037	97 GOV MHHA Auth Rept 1092	97 GOV MH Admin Repts 1094	Total 97 GOV MH	Total 97 AMHTA Mental Health Recommendation	Difference FY97 Governor and FY97 AMHTA	Summary Change
<b>DEPARTMENT OF EDUCATION</b> (one component only)								
Teaching and Learning Support	Basic Education and Instructional Improvement	227.9	0.0	0.0	227.9	227.5	0.4	Formerly Education Program Support IRU, Salary Adjustment
<b>DEPARTMENT OF HEALTH AND SOCIAL SERVICES</b>								
Medical Assistance	Medicaid Services	20,683.7	0.0	0.0	20,683.7	19,683.7	1,000.0	New component includes transfers in from the former Medicaid Non-Facility, Medicaid Facilities, and SIFM for Medicaid Eligible Community Health Clients
Family and Youth Services	Foster Care	1,547.9	0.0	0.0	1,547.9	1,547.9	0.0	AMHTA base funding level adopted by Governor
Family and Youth Services	Residential Child Care	3,522.0	0.0	0.0	3,522.0	3,522.0	0.0	AMHTA base funding level adopted by Governor
Family and Youth Services	Northern Region	81.8	0.0	0.0	81.8	80.4	1.4	Salary Risk Mgmt Adjusted
Family and Youth Services	McLaughlin Youth Center	62.1	0.0	0.0	62.1	62.1	0.0	AMHTA base funding level adopted by Governor
Family and Youth Services	Fairbanks Youth Facility	81.6	0.0	0.0	81.6	81.6	0.0	AMHTA base funding level adopted by Governor
Manning	Manning Alcohol & Drug Abuse	522.4	0.0	0.0	522.4	522.4	0.0	AMHTA base funding level adopted by Governor
Manning	Manning Mental Health TD Svcs	350.0	0.0	0.0	350.0	353.5	(3.5)	Decrement of 1% of FY97 adjusted base GF in line 700
Norton Sound	NS Public Health Services	98.3	0.0	0.0	98.3	99.3	(1.0)	Decrement of 1% of FY97 adjusted base GF in line 700
Norton Sound	NS Alcohol & Drug Abuse Services	232.2	0.0	0.0	232.2	232.2	0.0	AMHTA base funding level adopted by Governor
Norton Sound	NS Mental Health TD Services	402.4	0.0	0.0	402.4	406.5	(4.1)	Decrement of 1% of FY97 adjusted base GF in line 700
SE Alaska Regional Health Corp	SEARHC Alcohol & Drug Abuse Services	140.6	0.0	0.0	140.6	140.6	0.0	AMHTA base funding level adopted by Governor
SE Alaska Regional Health Corp	SEARHC Mental Health Services	125.2	0.0	0.0	125.2	126.5	(1.3)	Decrement of 1% of FY97 adjusted base GF in line 700
Tanana Chiefs Conference	TCC Alcohol & Drug Abuse Svcs	202.4	0.0	0.0	202.4	202.4	0.0	AMHTA base funding level adopted by Governor
Tanana Chiefs Conference	TCC Mental Health Svcs	529.8	0.0	0.0	529.8	535.2	(5.4)	Decrement of 1% of FY97 adjusted base GF in line 700

Comparison of AMHTA Mental Health Funding Recommendations with  
Governor's FY97 Mental Health Operating Request

IRU	COMPONENT	97 GOV GF/MH 1017	97 GOV MHFA Auth Rept 1092	97 GOV MHFA Admin Repts 1094	Total 97 GOV MH	Total 97 AMHTA Mental Health Recommendation	Difference FY97 Governor and FY97 AMHTA	Summary of Change
Tlingit Health	T-H Alcohol & Drug Abuse Svcs	6.0	0.0	0.0	6.0	6.0	0.0	AMHTA base funding level adopted by Governor
Yukon-Kuskokwim Health Corp	Y-K Alcohol & Drug Abuse Svcs	418.5	0.0	0.0	418.5	418.5	0.0	AMHTA base funding level adopted by Governor
Yukon-Kuskokwim Health Corp	Y-K Mental Health Services	907.4	0.0	0.0	907.4	916.6	(9.2)	Decrement of 1% of FY97 adjusted base GF in line 700
State Health Services	Maternal, Child, & Family Hlth	73.6	250.0	0.0	323.6	323.6	0.0	\$250.0 increase for Healthy Families Program funded from the Trust Income Account in accordance with the AMHTA Transfer in from Harborview Development Center of \$150.0 GF/MH. \$590.0 of the AMHTA proposed increase of \$740.0 could not be funded.
State Health Services	Infant Learning Program Grants	3,503.3	0.0	0.0	3,503.3	4,093.3	(590.0)	
Alcohol and Drug Abuse Svcs	ADA Administration	767.7	0.0	0.0	767.7	769.1	(1.4)	Salary Risk Mgmt Adjusted Decrease of (\$15.5) GF/MH due to elimination of Advisory Board costs
Alcohol and Drug Abuse Svcs	Alcohol Drug Abuse Grants	7,943.8	0.0	0.0	7,943.8	8,341.4	(397.6)	Of the \$622.6 increments requested, \$197.6 remains unfunded
Alcohol and Drug Abuse Svcs	Correctional ADA Grant Component	331.5	0.0	0.0	331.5	331.5	0.0	AMHTA base funding level adopted by Governor
MHFA Services	Community DD Grants	20,753.4	0.0	0.0	20,753.4	21,487.4	(734.0)	Transfer in \$110.0 for 2nd yr costs for Harborview Discharge of Clients w/Developmental Disabilities and \$250.0 for DD Respite Care Svcs. Decrement replaces GF with Medicaid Waiver funds. Of the \$925,000 increments requested, \$165,000 remains unfunded
MHFA Services	Open Community Mental Hlth Grants	2,418.2	0.0	0.0	2,418.2	2,858.3	(420.1)	Transfer of \$200.1 to Psychiatric Emergency Services Grants. Unallocated Grant Reduction of \$200.0 for Community Mental Health

Comparison of AMHTA Mental Health Funding Recommendations with  
Governor's FY97 Mental Health Operating Request

HRU	COMPONENT	97 GOV GF/MH 1037	97 GOV MHTA Auth Rept 1092	97 GOV MHT Admin Rcpts 1094	Total 97 GOV MH	Total 97 AMHTA Mental Health Recommendation	Difference FY97 Governor and FY97 AMHTA	Summary of Change
MHDD Services	Psychiatric Emergency Services	5,581.1	0.0	0.0	5,581.1	4,999.0	582.1	BUDGET AMENDMENT-Transf \$250.0 Harborview, Transf \$56.0 Designated Eval & Treatment, \$56.0 Chronically Mentally Ill, \$220.1 from General Comm MH Grants for crisis respite program in Juneau; fund an experimental emergency services program in Fairbanks.
MHDD Services	Services to the Chronically Mentally Ill	10,918.7	0.0	0.0	10,918.7	10,589.7	329.0	In FY97 this component also includes the former Medicaid Community Mental Health Grants. Transfer out of (\$56.0) to Psychiatric Emergency Services and transfer in from Harborview for \$385.0 to fund Sewardough Discharge.
MHDD Services	Designated Eval & Treatment	1,046.3	0.0	0.0	1,046.3	1,052.3	(66.0)	Transfer out of (\$56.0) to Psychiatric Emergency Services. The proposed increment of \$750.0 could not be funded.
MHDD Services	Services for Seriously Emotionally Disturbed Youth	6,288.5	0.0	0.0	6,288.5	7,038.5	(750.0)	BUDGET AMENDMENT- Transfer reversed (\$250.0 from Harborview for MH Grants Crisis Respite Services is now going to Psychiatric Emergency Services). \$750.0 increment could not be funded.

Comparison of AMHTA Mental Health Funding Recommendations with  
Governor's FY97 Mental Health Operating Request

BRU	COMPONENT	97 GOV GF/MH 1037	97 GOV MHT, Auth Rept 1092	97 GOV MHT Admin Repts 1094	Total 97 GOV MHT	Total 97 AMHTA Mental Health Recommendation	Difference FY97 Governor and FY97 AMHTA	Summary of Change
NIHDD Services	Mental Health/DH Admin	3,373 0	0 0	0 0	3,373 0	3,410 0	(37 0)	Salary Risk Mgmt Information Services adjustments (+ \$42 2), transfer of (\$15 0) to AJT to provide support to Mental Health/DH Administration positions, Decrement (\$64 2) to reduce administrative costs through reorganization efficiencies.
NIHDD Services	Alaska Psychiatric Institute	5,950 3	0 0	0 0	5,950 3	5,850 0	100 3	Salary Risk Mgmt Information Services adjustments (+ \$85 3), transfer in \$15 0 from Mental Health/DH Admin.
NIHDD Services	Harborview Developmental Center	2,150 8	1,695 0	0 0	3,845 8	4,375 0	(529 2)	Salary Risk Mgmt Info Svcs adjust (+ \$55 8), Decrement (\$585 0) 2nd yr plan Harborview closure, transfer (\$1695 0) GF/MH for Sewardough Discharge, Respite Care, Sr Svcs Support, Infant Learning, Dually Diagnosed Svcs, add \$1695 0 NOI Repts to replace GF/MH
Medicaid Community Mental Health Grants	Medicaid Community Mental Health Grants	0 0	0 0	0 0	0 0	1,000 0	(1,000 0)	In the Governor's FY97 budget, the \$1,000 0 was transferred into the Medicaid Assistance BRU, Medicaid Services Component, to eliminate the confusion of federal funds in one appropriation and the state matching funds in another.
Mental Health Trust Boards	Alaska Mental Health Board	182 9	0 0	0 0	182 9	179 0	3 9	Salary Risk Mgmt Adjustments
Mental Health Trust Boards	Advisory Board on Alcoholism and Drug Abuse	334 7	0 0	0 0	334 7	331 8	2 9	Salary Risk Mgmt Adjustments
<b>Health and Social Services Totals</b>		<b>101,752 1</b>	<b>1,945 0</b>	<b>0 0</b>	<b>103,697 1</b>	<b>106,967 3</b>	<b>(3,270 2)</b>	

Comparison of AMHTA Mental Health Funding Recommendations with  
Governor's FY97 Mental Health Operating Request

IRU	COMPONENT	97 GOV GF/MH 1037	97 GOV MHTA Auth Rept 1092	97 GOV MHT Admin Repts 1094	Total 97 GOV MHT	Total 97 AMHTA Mental Health Recommendation	Difference FY97 Governor and FY97 AMHTA	Summary of Change
<b>DEPARTMENT OF LAW (one component only)</b>								
Civil Division	General Legal Services	67.2	0.0	0.0	67.2	66.2	1.0	Formerly Legal Services IRU/ Operations Component. Salary/Risk Management Adjustments
<b>DEPARTMENT OF REVENUE (one component only)</b>								
Alaska Mental Health Trust Authority	Alaska Mental Health Trust Authority	0.0	0.0	893.5	893.5	893.5	0.0	BUDGET AMENDMENT-- switch from general operating appropriations bill to the comprehensive mental health bill
<b>UNIVERSITY OF ALASKA (one component only)</b>								
University of Alaska Anchorage	Anchorage Campus	200.0	0.0	0.0	200.0	200.0	0.0	AMHTA base funding level adopted by Governor
<b>ALASKA COURT SYSTEM (one component only)</b>								
Alaska Court System	Trial Courts	39.3	0.0	0.0	39.3	39.3	0.0	AMHTA base funding level adopted by Governor
<b>GRAND TOTALS</b>		<b>100,851.3</b>	<b>1,945.0</b>	<b>893.5</b>	<b>111,689.8</b>	<b>116,450.7</b>	<b>(4,760.9)</b>	

TONY KNOWLES  
GOVERNOR



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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 12, 1996

The Honorable Drue Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Pearce:

This year, I am transmitting two appropriations bills for operating and loan program expenses for fiscal year 1997. One is the first separate mental health program bill as required by AS 37.14.003 and AS 37.14.005. This bill is for all other government operations, including the Legislature and Court System budgets prepared by those two branches of government as well as the executive branch budgets for which I am responsible.

In putting together the fiscal year 1997 operating budget, my overriding concern was to provide a safe landing as we make the transition toward a balanced budget. Taken together, the bills represent a \$40 million or 1.6 percent decrease from current year spending from the "pure" general fund. Thirty-five million dollars of this is in direct expenditure reductions and five million is a shift from oil dollars to user payments. Both reductions help close the fiscal gap. My budget meets the state's basic responsibilities to its citizens and is consistent with the Long Range Financial Planning Commission's recommendations.

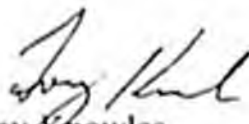
For the first time in decades, the state's formula programs (which account for 51% of the FY97 operating budget) will not increase, thanks to aggressive management efforts, a healthy economy and several proposed budget cuts. Formula programs have historically experienced tremendous cost increases due to federal mandates, new program activities, growth in the populations being served and inflation. My 1997 proposed budget for formula programs is actually a very small decrease--0.6 percent--from FY96. Within this, we have fully funded the K-12 education formula. The welfare reform legislation presented to you this week will direct savings from caseload

The Honorable Drue Pearce  
January 12, 1995  
Page 2

reductions to get more people back to work so we can achieve even greater savings in the next five years. The budget proposes income limits for eligibility to receive Longevity Bonus payments and reduces some programs of state aid to local communities.

The challenge of saying "no" to today's wants so we can say "yes" to our children's needs will grow more difficult as the state's oil revenues decline. The changes I am proposing are not easy. They require leadership and commitment from Alaska's political leaders. I stand ready to work with you in meeting this challenge.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is fluid and cursive, with a large initial "T" and "K".

Tony Knowles  
Governor

**SB**

**214**

**SFIN**

**FILE**

# ALASKA MENTAL HEALTH BOARD

---

TONY KNOWLES, GOVERNOR  
STATE OF ALASKA

431 N. Franklin, Suite 101  
Juneau, Alaska 99801  
Office: (907) 465-3071  
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TDD: (907) 465-4764

April 9, 1996

Senator Rick Halford  
Co-Chair, Senate Finance Committee  
Alaska Senate  
State Capitol  
Juneau, Alaska 99811-1182

Dear Senator Halford:

I write to provide comments that I hope will assist the Senate as it considers SB 214, the FY 97 operating and capital budget for the state's mental health program. Our office previously provided information concerning the Governor's FY 97 Budget in a February 28, 1996 letter. Since then, the House of Representatives has passed its version of the mental health program budget (HB 413) which is now scheduled for hearing in the Senate Finance Committee.

While the Board understands the state's fiscal outlook, state law charges us with advocacy for the mentally ill. Our February 28 letter to you pointed out that mental health service needs were not fully met in the Governor's proposal. The Board did support that budget. The AMHB also supports the House budget insofar as it does not reduce existing services to clients. However, despite stated intent, the House cuts may, in fact, widen the gap between needs and services. The Board position is that mental health service needs be met at the community level to the full extent possible. We cannot predict the result of the House cuts, but we are concerned that services to the mentally ill may be impacted more or less directly, depending upon the specific budget item. A few comments on the House reductions affecting Alaska's mentally ill:

- Mental Health and Developmental Disabilities Administration—GF/MH reduced \$150,000. Aimed at reducing support to urban centers, this carries with it a corresponding cut in Medicaid funds. It seems likely that reducing support to mental health providers could translate into a reduction of services to clients.
- Alaska Psychiatric Institute—GF/MH reduced \$98,800. This also carries with it a matching Medicaid cut. API is the placement of last resort for local mental health providers across Alaska working with individuals who cannot be stabilized with community services. It seems unavoidable that this cut will create additional stress on a community system already unable to meet the needs of Alaska's mentally ill. It is likely further staff cuts at API will hasten patient turn-around and lessen coordination with community providers. Yet

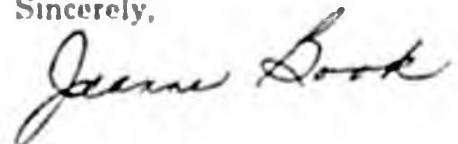
Sen. Halford  
April 9, 1996  
Page 2

another reduction in resources available to community providers could carry serious consequences. In addition to quality of care issues, staff reductions may confront API with patient/staff safety concerns.

- Alaska Mental Health Board-GF/MH reduced \$10,900. In voting a department wide reduction in travel costs for DHSS, the House budget would reduce the Board's travel budget by \$7,800 (10.4%). The Board's travel budget is spent to a large extent on travel for Board members, rather than staff travel. The Mental Health Lands Trust settlement expanded the Board by a third (to sixteen) with associated travel cost increases. This reduction will directly impact the Board's ability to advocate for the mentally ill by reducing public access to the board. A major purpose of the Board's meeting schedule is to provide access to the public policy system for Alaska's mentally ill, thus creating a dialogue between the Board and the people it represents. In addition, the settlement requires that this and other beneficiary boards work closely with the Alaska Mental Health Trust Authority on budget and planning matters, further boosting travel costs. Reduced travel funding will impair the Board's ability to participate in budgeting and planning for the comprehensive integrated mental health program just when that effort is beginning to coalesce.

We would welcome the opportunity to discuss the mental health budget with the HESS Sub-Committee or the full Finance Committee. If you have any questions, please contact me or Acting Executive Director Richard Rainery. Thank you.

Sincerely,



Jeanne Book  
Chair

cc: Senator Drue Pearce  
Senator Johnny Ellis

TONY KNOWLES  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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214

January 12, 1996

The Honorable Drue Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, and in accordance with AS 37.14.003, I am transmitting a separate appropriation bill limited to appropriations for the state's integrated comprehensive mental health program. In accordance with AS 37.14.003(b), an accompanying report explains the differences between the appropriation bill and the recommendations made by the Alaska Mental Health Trust Authority for expenditures from the general fund for the state's integrated comprehensive mental health program.

The statutory requirement that appropriations for the state's mental health program be made by a separate appropriation bill was enacted as part of the settlement of the mental health trust litigation, Weiss v. State, 4FA-82-2208 Civil. The separate focus on appropriations from the general fund for the state's integrated comprehensive mental health program will improve the state's ability to meet the special needs of Alaskans who use any part of the program.

I urge your prompt action on this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles".

Tony Knowles  
Governor

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE (907) 465-4660  
FAX (907) 465-3008

December 15, 1995

Mr. Nelson Page, Chair  
Members of the Board of Trustees  
Mr. Jeff Jessee, Executive Director  
Alaska Mental Health Trust Authority  
3601 C Street, Suite 742  
Anchorage, Alaska 99503

Dear Mr. Page, Members of the Board of Trustees, and Mr. Jessee:

Today I am submitting to the legislature a draft appropriation bill for the state's integrated mental health program, in accordance with AS 37 14 003 and AS 37 14 005. This letter and the accompanying spreadsheet are the findings required by the statute to explain the differences between the Governor's proposed FY97 operating budget and the Alaska Mental Health Trust Authority's recommendations. I will address the mental health capital plan when the details of the Governor's capital budget are released in several weeks.

For the first time in our state's history, the Advisory Board on Alcoholism and Drug Abuse, the Alaska Mental Health Board, the Alaska Commission on Aging, and the Governor's Council on Disabilities and Special Education worked together through the Alaska Mental Health Trust Authority to develop recommendations for the State's integrated comprehensive mental health program. I have been impressed with your dedication, professionalism, and teamwork in completing this incredible task the first year, especially given the tight time frames of our budget process. While you did not have time to develop a truly integrated plan for these four beneficiary groups, you are setting the stage for the work to follow.

This has been a difficult budget year for all of us. As you know, the governor charged the cabinet with finding \$40 million in general fund budget cuts, an important element in the long-range financial planning commission's "safe landing" plan to close Alaska's half-billion dollar budget gap. Our children's future and the protection of our families — including your beneficiaries — depend on our diligence in implementing such a plan this year. We all share responsibility for closing the fiscal gap even though many programs, including those in the mental health area, have worked within tight financial constraints for years. I appreciate the understanding and cooperation of the Board, staff and beneficiary groups during the budget development process.

You carefully reviewed the General Fund/Mental Health FY97 base funding and we worked together on several changes. In all but one case (Department of Corrections), we agree with the recommendations in your Final Report. In fact, we increased the base with adjustments for

salaries (including recently negotiated labor contracts), risk management, and information services rate changes.

The Governor's FY97 operating budget provides \$110,796,300 for mental health programs throughout the State. It is especially significant that you were able to supplement our \$108,851,300 in general fund/mental health funds with Trust Income Account earnings of \$1,945,000. Together, this provides the most comprehensive program plan possible for FY97.

Unfortunately, we were not able to fund all of the recommendations of the Mental Health Trust Authority. In this budget climate, even holding program funding levels steady is a major achievement. I am sure you will wish we could do more, but I believe our proposal represents the most we can add this year. Our proposal for FY97 is summarized below. For specific information by component within each department, please refer to the attached spreadsheet.

**Department of Administration - \$3,121,700 GF/MH**

The difference between the FY97 Governor's budget and the AMHTA proposal is \$835,200. Two recommended increments are not fully funded, but there are increases for salary adjustments (\$12,800), Risk Management rates (\$4,200). The Information Services chargeback is reduced \$2,200.

**Department of Corrections - \$3,442,300 GF/MH**

The difference here is \$656,900. An inadvertent error occurred in last year's Conference Committee when a general reduction in Inmate Health Care was applied to GF and not to mental health. A total of \$241,600 shown as mental health should have been shown as GF since the funds are used for general medical services provided to inmates. A fund change from GF/MH to General Fund of \$412,000 in Inmate Programs is also needed to reflect the estimated percentage of mental health beneficiaries actually treated in the program (47%). Other changes include salary adjustments (\$26,900) and Risk Management rate adjustments (-\$200). Funds were not available to include a \$30,000 increment for the prison mental health psychiatric residency program.

**Department of Education - \$227,900 GF/MH**

An increase of \$400 in GF/MH funding is due to salary adjustments.

**Department of Health and Social Services - \$101,752,100 GF/MH**

**+ \$1,945,000 MH Trust Income Account**

The difference between the Governor's budget and AMHTA recommendations is \$3,965,200. Factors include adjustments in salaries (\$166,800), Risk Management rates (\$40,600), Information Services chargebacks (-\$1,800). Of the \$4,037,600 in operating

Mr. Nelson Page, Chair

December 15, 1995

increments proposed by the AMHTA, the Governor's budget proposal includes \$1,435,000. To meet the governor's overall reduction in GF funding, the department took a 3% reduction in administration and an average 1% reduction from the FY97 adjusted base GF in grants line items. The administrative decrements were \$15,500 in Alcohol and Drug Abuse Services administration (elimination of Advisory Board travel and contractual services) and \$64,200 in mental health/developmental disabilities administration due to reorganization and efficiencies.

Department of Law - \$67,200 GF/MH

A net increase of \$1,000 in GF/MH funding is due to salary adjustments (\$900) and Risk Management rate adjustments (\$100).

University of Alaska - \$200,800 GF/MH

AMHTA base funding level adopted by Governor

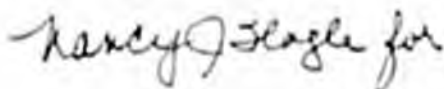
Alaska Court System - \$39,300 GF/MH

AMHTA base funding level adopted by Governor.

We are pleased that with the help of Trust Income Account funds, several programs will increase services to the beneficiaries beyond the FY96 level. The additions will be: senior services home and community-based care \$250,000, healthy families \$250,000, infant learning grants \$150,000, mental health crisis respite \$250,000, developmental disability respite services \$250,000, funds for the discharge of Harborview clients in community programs \$695,000, alcohol and drug abuse grants \$225,000, and psychiatric nurse care for women offenders within the correctional system \$80,000. The administration will continue to work with the Trust Authority to analyze the needs of and services provided to all the beneficiary groups.

I look forward to working with you to strengthen and enhance the mental health programs for the people of Alaska in the coming years.

Sincerely,



Annalee McConnell  
Director

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 2/23/96

FURTHER: Finance

Date of 5-Day Notice: 2/29/96  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/8/96

The HESS Committee considered SB 214

Appropriations for mental health.

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 DQ PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Mike Mull</i>	✓		
		<i>John J. Homan</i>	✓		
CHAIR: <i>John J. Homan</i>	✓	CHAIR:			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal

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

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

Comparison of AMHTA Mental Health Funding Recommendations with  
 Governor's FY97 Mental Health Request

BRU	COMPONENT	97 GOV	97 GOV	Total	Total	Difference	Summary of Change	TECHNICAL EXPLANATION						AMHTA
		GF/MH	MI/TA	97 GOV	97 AMHTA	FY97 Governor		Change from FY97 GF/MH Base		TROUT/	INC	INC	REQUEST	
		1037	1092	MH	Mental Health	and		1901	1911	1095	TRN	FUND	DEC	
					Recommendation	FY97 AMHTA		Salary Adj.	Risk Mgt.	Info Brv		CHNG		
<b>DEPARTMENT OF ADMINISTRATION</b>														
Senior Services	Pioneers Homes	420.8	0.0	420.8	414.0	6.8	Salary/Risk Mgmt/ Information Services adjustments	3.1	1.7					0.0
Senior Services	Protection, Community Services, and Administration	209.5	0.0	209.5	210.2	-0.7	Formerly Senior Services Administration; Salary/Risk Management/ and Information Services adjustments	0.7	0.2	(1.6)				0.0
Senior Services	Home and Community-Based Care	1,871.6		1,871.6	2,721.6	-850.0	Formerly Office of Public Advocacy BRU. Transfer in from H&SS for \$250.0 in GF/MH was discussed with the AMHTA Board. Of the \$1,100,000 proposed by AMHTA, (\$850,000) was left unfunded.				250.0			1,100.0
Legal and Advocacy Services	Office of Public Advocacy	619.8	0.0	619.8	611.1	8.7	Salary/Risk Mgmt/ Information Services adjustments		2.3	(0.6)				0.0
<b>Department of Administration Totals</b>		<b>3,121.7</b>	<b>0.0</b>	<b>3,121.7</b>	<b>3,956.9</b>	<b>(835.2)</b>		<b>12.8</b>	<b>4.2</b>	<b>(2.2)</b>	<b>250.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,100.0</b>
<b>DEPARTMENT OF CORRECTIONS</b>														
Statewide Programs	Inmate Health Care	3,073.0	0.0	3,073.0	3,317.9	-244.9	Salary/Risk Mgmt adjustments. Increment approved for \$80.0 in GF/MH. Switch fund of \$241,600 GF/MH to GF to correct error. Of the \$110,000 request, \$30,000 increment for prison mental health psychiatric residency program was not funded.	26.9	(0.2)			(241.6)	0.0	110.0
Statewide Programs	Inmate Programs	369.3	0.0	369.3	781.3	-412.0	Switch fund of \$412,000 GF/MH to GF to reflect est. % of Mental Health programming.					(412.0)		0.0
<b>Department of Corrections Totals</b>		<b>3,442.3</b>	<b>0.0</b>	<b>3,442.3</b>	<b>4,099.2</b>	<b>(656.9)</b>		<b>26.9</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(653.6)</b>	<b>0.0</b>	<b>110.0</b>

Comparison of AMHTA Mental Health Funding Recommendations with  
Governor's FY97 Mental Health Request

BRU	COMPONENT	97 GOV	97 GOV	Total	Total	Difference	Summary of Change	TECHNICAL EXPLANATION					AMHTA	
		GF/MH	MHTA	97 GOV	97 AMHTA	FY97 Governor		Change from FY97 GF/MH Base			TROIT/	INC	INC	
		1037	1092	MH	Mental Health	and		2901	2911	2095	TRIN	FUND	DEC	REQUEST
					Recommendation	FY97 AMHTA		Salary Adj.	New Mgt.	Info Sys.		CHRG		
<b>DEPARTMENT OF EDUCATION (one component only)</b>														
Teaching and Learning Support	Basic Education and Instructional Improvement	227.9	0.0	227.9	227.5	0.4	Formerly Education Program Support BRU, Salary Adjustment	0.41	0.0	0.01	0.01	0.01	0.0	0.0
<b>DEPARTMENT OF HEALTH AND SOCIAL SERVICES</b>														
Medical Assistance	Medicaid Services	20,683.7	0.0	20,683.7	19,683.7	1,000.0	New component includes transfers in from the former Medicaid Non-Facility, Medicaid Facilities, and SGFM for Medicaid Eligible Community Health Clients				1,000.01			0.0
Family and Youth Services	Foster Care	1,547.9	0.0	1,547.9	1,547.9	0.0	AMHTA base funding level adopted by Governor							0.0
Family and Youth Services	Residential Child Care	3,522.0	0.0	3,522.0	3,522.0	0.0	AMHTA base funding level adopted by Governor							0.0
Family and Youth Services	Northern Region	81.8	0.0	81.8	80.4	1.4	Salary Risk Mgmt. Adjusted	1.11	0.31					0.0
Family and Youth Services	McLaughlin Youth Center	52.1	0.0	52.1	52.1	0.0	AMHTA base funding level adopted by Governor							0.0
Family and Youth Services	Fairbanks Youth Facility	81.6	0.0	81.6	81.6	0.0	AMHTA base funding level adopted by Governor							0.0
Manning	Manning Alcohol & Drug Abuse	522.4	0.0	522.4	522.4	0.0	AMHTA base funding level adopted by Governor							0.0
Manning	Manning Mental Health/DD Svcs	350.0	0.0	350.0	353.5	(3.5)	Decrement of 1% of FY97 adjusted base GF in line 700						(3.5)	0.0
Norton Sound	NS Public Health Services	98.3	0.0	98.3	97.3	(1.0)	Decrement of 1% of FY97 adjusted base GF in line 700						(1.0)	0.0
Norton Sound	NS Alcohol & Drug Abuse Services	232.2	0.0	232.2	232.2	0.0	AMHTA base funding level adopted by Governor							0.0
Norton Sound	NS Mental Health/DD Services	402.4	0.0	402.4	401.3	(1.1)	Decrement of 1% of FY97 adjusted base GF in line 700						(1.1)	0.0
SE Alaska Regional Health Corp	SEARHC Alcohol & Drug Abuse Services	140.6	0.0	140.6	140.6	0.0	AMHTA base funding level adopted by Governor							0.0
SE Alaska Regional Health Corp	SEARHC Mental Health Services	125.2	0.0	125.2	126.3	(1.1)	Decrement of 1% of FY97 adjusted base GF in line 700						(1.1)	0.0
Tunara Chiefs Conference	TCC Alcohol & Drug Abuse Svcs	202.4	0.0	202.4	202.4	0.0	AMHTA base funding level adopted by Governor							0.0

Comparison of AMHTA Mental Health Funding Recommendations with  
Governor's FY97 Mental Health Request

DRU	COMPONENT	97 GOV	97 GOV	Total	Total	Difference	Summary of Change	TECHNICAL EXPLANATION					AMHTA	
		GF/MH	MIITA	97 GOV	97 AMHTA	FY97 Governor		Change from FY97 GF/MH Base			TROUT/	INC	INC	
		1037	1092	MH	Mental Health	and		2901	2911	1095	TRIN	FUND	DEC	REQUEST
					Recommendation	FY97 AMHTA		Salary Adj.	Risk Mgt.	Info Grv		CHNG		
Terrana Chetis Conference	TCC Mental Health Svcs	529.81	0.00	529.81	533.21	(3.40)	Decrement of 1% of FY97 adjusted base GF in line 700						(5.40)	0.00
Tringit Haida	T-H Alcohol & Drug Abuse Svcs	6.00	0.00	6.00	6.00	0.00	AMHTA base funding level adopted by Governor							0.00
Yukon-Kuskokwim Health Corp	Y-K Alcohol & Drug Abuse Svcs	418.51	0.00	418.51	418.51	0.00	AMHTA base funding level adopted by Governor							0.00
Yukon-Kuskokwim Health Corp	Y-K Mental Health Services	907.41	0.00	907.41	916.61	(9.20)	Decrement of 1% of FY97 adjusted base GF in line 700						(9.20)	0.00
State Health Services	Maternal, Child, & Family Hlth	73.64	250.00	323.64	323.64	0.00	\$250.00 increase for Healthy Families Program funded from the Trust Income Account in accordance with the AMHTA						250.00	250.00
State Health Services	Infant Learning Program Grants	3,503.31	0.00	3,503.31	4,093.31	(590.00)	Transfer in from Harborview Development Center of \$150.00 GF/MH. \$590.00 of the AMHTA proposed increase of \$740.00 could not be funded.				150.00			740.00
Alcohol and Drug Abuse Svcs	ADA Administration	767.71	0.00	767.71	769.11	(1.40)	Salary/Risk Mgmt. Adjusted Decrease of (\$15.5) GF/MH due to elimination of Advisory Board costs.	11.40	2.70				(15.50)	0.00
Alcohol and Drug Abuse Svcs	Alcohol/Drug Abuse Grants	7,943.81	0.00	7,943.81	8,341.41	(397.60)	Of the \$622.6 increments requested, \$397.6 remains unfunded.				100.00		123.00	622.60
Alcohol and Drug Abuse Svcs	Correctional ADA Grant Component	331.51	0.00	331.51	331.51	0.00	AMHTA base funding level adopted by Governor							0.00
MHDD Services	Community DD Grants	20,733.41	0.00	20,733.41	21,487.41	(754.00)	Transfer in second year costs for Harborview Discharge of Clients - Developmental Disabilities and \$250.00 for DD Respite Care Services. Decrement to replace GF with Medicaid Waiver funds. Of the \$923,000 increments requested, \$365,000 remains unfunded.				560.00		(369.00)	923.00

Comparison of AMHTA Mental Health Funding Recommendations with

Governor's FY97 Mental Health Request

BRU	COMPONENT	97 GOV	97 GOV	Total	Total	Difference	Summary of Change	TECHNICAL EXPLANATION				AMHTA			
		GF/MH	MHTLA	97 GOV	97 AMHTA	FY97 Governor and FY97 AMHTA		Change from FY97 GF/MH Base		TROUT/	INC	INC			
		1037	1092	MH	Mental Health			1901	1911	2095	TRIN	FUND	DEC	REQUEST	
					Recommendation			Salary Adj.	Net Mgt.	Info Rev.		CING			
MH/DD Services	Gen Community Mental Hlth Grants	2,438.2	0.0	2,438.2	2,958.3	(420.1)	Transfer of \$220.1 to Psychiatric Emergency Services Grants; Unallocated Grant Reduction of \$200.0 for Community Mental Health						(220.1)	(200.0)	0.0
MH/DD Services	Psychiatric Emergency Services	5,331.1	0.0	5,331.1	4,999.0	332.1	Transfer \$56.0 from Designated Evaluation & Treatment, \$56.0 from Chronically Mentally Ill, and \$220.1 from General Community Mental Health Grants for crisis respite program in Juneau and to fund an experimental emergency services program in Fairbanks.						332.1		0.0
MH/DD Services	Services to the Chronically Mentally Ill	10,918.7	0.0	10,918.7	10,589.7	329.0	In FY97 this component also includes the former Medicaid Community Mental Health Grants. Transfer out of (\$56.0) to Psychiatric Emergency Services and transfer in from Harborview for \$385.0 to fund Sourdough Discharge.						385.0	(56.0)	0.0
MH/DD Services	Designated Eval & Treatment	1,046.3	0.0	1,046.3	1,832.3	(786.0)	Transfer out of (\$56.0) to Psychiatric Emergency Services. The proposed increment of \$750.0 could not be funded.						(56.0)		750.0
MH/DD Services	Services for Seriously Emotionally Disturbed Youth	6,338.5	0.0	6,338.5	7,038.5	(500.0)	Transfer in of \$250.0 from Harborview for MH Grants Crisis/Respite Services; \$500.0 of the proposed \$750.0 increment could not be funded.						250.0		750.0

Comparison of AMHTA Mental Health Funding Recommendations with

Governor's FY97 Mental Health Request

BRU	COMPONENT	FY 97 GOV		FY 97 GOV		Total	Difference	Summary of Change	TECHNICAL EXPLANATION					AMHTA INC REQUEST		
		GF/MH 1037	MHTA 1072	FY GOV MHI	MHTA 1072				57 AMHTA Mental Health Recommendation	FY97 Governor and FY97 AMHTA	Change from FY97 GF/MH Base	TRIN	FUND		TROUT/	INC DEC
										2901	2911	1095	TRIN	FUND	TROUT/	INC DEC
										Salary Adj.	Rate Mgr.	Info Ser		CHRG		
VH/DD Services	Mental Health/DD Admin	3,373.01	0.00	3,373.01	0.00	3,410.01	(37.0)	Salary/Risk Mgmt/Information Services adjustments (+\$42.2); transfer of (\$15.0) to API to provide support to Mental Health/DD Administration positions; Decrease (\$64.2) to reduce administrative costs through reorganization efficiencies	34.4	8.3	(0.3)		(15.0)	(64.2)		0.0
VH/DD Services	Alaska Psychiatric Institute	5,920.31	0.00	5,920.31	0.00	5,850.01	100.3	Salary/Risk Mgmt/Information Services adjustments (+\$85.3); transfer of \$15.0 from Mental Health/DD Admin.	68.8	16.7	(0.2)	15.0				0.0
VH/DD Services	Harborview Developmental Center	2,150.80	1,695.00	3,845.80	0.00	6,070.00	(7,224.2)	Salary/Risk Mgmt/Information Services adjustments (+\$55.8); Decrease of (\$385.0) for second year plan of the Harborview closure; transfer out to fund Sourdough Discharge, Respite Care, Senior Services Support, Infant Learning, Dually Infused Services	45.7	11.2	(1.1)		(1,695.0)	1,110.0		1,695.0
Mental Health Trust Boards	Alaska Mental Health Board	382.9	0.00	382.9	0.00	379.0	3.9	Salary/Risk Mgmt Adjustments	3.1	0.8						0.0
Mental Health Trust Boards	Advisory Board on Alcoholism and Drug Abuse	334.7	0.00	334.7	0.00	331.1	2.9	Salary/Risk Mgmt Adjustments	2.3	0.6						0.0
Health and Social Services Totals		101,752.1	1,945.0	103,697.1	0.00	107,642.3	(3,945.2)		166.8	40.6	(1.8)	2,772.1	(2,042.1)	811.8		5,732.4
DEPARTMENT OF LAW (one component only)																
Civil Division	General Legal Services	67.2	0.0	67.2	0.0	66.3	1.0	Formerly Legal Services BRU Operations Component; Salary/Risk Management Adjustments	0.9	8.1	0.0	0.0	0.0	0.0		0.0

Comparison of AMHTA Mental Health Funding Recommendations with

Governor's FY97 Mental Health Request

BRU	COMPONENT	97 GOV	97 GOV	Total	Total	Difference	Summary of Change	TECHNICAL EXPLANATION					AMHTA	
		GF/MH	MIHTA	97 GOV	97 AMHTA	FY97 Governor and FY97 AMHTA		Change from FY97 GF/MH Base		TROUT/	INC	INC		
		1037	1092	MH	Mental Health Recommendation			2901	2911	2995	TRIN	FUND	DEC	REQUEST
								Salary Ad.	Non Mgt.	Info Dev.		OT/CC		
<b>UNIVERSITY OF ALASKA (one component only)</b>														
University of Alaska Anchorage	Anchorage Campus	200.8	0.0	200.8	200.8	0.0	AMHTA base funding level adopted by Governor	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ALASKA COURT SYSTEM (one component only)</b>														
Alaska Court System	Trial Courts	39.3	0.0	39.3	39.3	0.0	AMHTA base funding level adopted by Governor	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>GRAND TOTALS</b>		<b>108,851.3</b>	<b>1,945.0</b>	<b>110,796.3</b>	<b>116,252.2</b>	<b>(5,455.9)</b>		<b>207.8</b>	<b>44.7</b>	<b>(4.0)</b>	<b>3,842.1</b>	<b>(2,695.7)</b>	<b>091.8</b>	<b>6,342.5</b>