

ALASKA LEGISLATURE

1918

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Settlement could aid smokers

I am writing this letter concerning Alaska's tobacco settlement.

The state of Alaska says it's going to use the money for teenage smoking. I don't believe that. It's going in the pockets of the Anchorage Police Department and the politicians. My father died from emphysema, so it's too late to help him. Now my wife is trying to quit. She and many others started smoking as teenagers. What about them?

The taxes on cigarettes were paid by these people and should be used to give them the help they need to quit. Put this money where it belongs to help the people who paid it with their lungs and taxes over many years.

Make it harder for teens to get tobacco by selling it only in special smoke shops and alcohol establishments where IDs are already checked and you wouldn't have to pay APD officers overtime to stake out the places teens frequent. Some examples are movie theaters, service stations, restaurants, malls,

grocery stores — the list is endless.

If the people and politicians are serious about stopping teenage smoking, take away all the chances they have to buy cigarettes each day.

If they even enter an alcohol establishment they can be fined \$1,000. Make it the same for the smoke shops. If they can't get them, they can't smoke them. Then the people who really need the help, that the tobacco settlement represents, would be able to get the medical help they need to quit the deadly habit they acquired by the greed of the tobacco companies.

These people are the ones who are hooked

and in danger, not the teens who could easily be stopped.

— Dan Gates
Chuglak

Why Alaska Should Use Its Tobacco Settlement Money To Support A New Comprehensive Statewide Tobacco Control Strategy

Alaska has already begun deciding how to use the millions of dollars it will receive each year from the settlement agreement with the tobacco companies. While some state legislators and others might be tempted to direct these new funds to a tax cut or to other favorite projects or causes, the arguments for directing a substantial portion of the settlement payments to establish a comprehensive statewide tobacco control strategy are overwhelming. It would substantially reduce smoking and other tobacco use, save thousands of lives and millions of dollars, dramatically improve public health, and do more to help Alaska and its citizens than any other option.

Tobacco Company Payments Should Go To Fight Tobacco Company Harms. The tobacco companies' payments to Alaska for past tobacco-related harm to the state should be used to reduce the amount of damage tobacco use will cause Alaska and its citizens in the future -- and that means using settlement funds to sharply curtail smoking and other tobacco use throughout the state, especially among children.

The Public Supports Using Tobacco Settlement Money For Tobacco Control. In a pre-election poll of likely Alaska voters, 77% said that about half or more of the settlement funds should be spent to reduce smoking among kids (with only 1% saying that none of the funds should be so used). Similarly, in a recent nationwide poll, 84 percent of the respondents favored spending the money their state receives to reduce tobacco use among kids, including more than two-thirds (69%) who "strongly favor" spending the money for this purpose.

The Smoking Problem Is Big And Getting Worse. Approximately 27 percent of adult men and 25 percent of adult women in Alaska are current smokers, along with 36 percent of all high school students. While adult smoking has generally been declining in recent years, the number of kids who are smoking has been increasing steadily throughout the 1990s, and has only just experienced a small decline. Underage smoking remains at historically high levels, and over the past 10 years the number of kids under 18 who become daily smokers each year has increased by more than 70 percent. In Alaska alone, more than 4,000 kids under 18 become new daily smokers each year.

A Comprehensive Statewide Tobacco Control Strategy Would Dramatically Reduce Smoking And Other Tobacco Use In Alaska. California and Massachusetts have already initiated tobacco control campaigns that have reduced overall smoking levels within their borders at a faster rate than elsewhere in the country. Similarly, while youth smoking rates were going up nationwide, in California and Massachusetts they either declined or increased much more slowly -- despite significant reductions to both states' tobacco control efforts and despite aggressive tobacco company efforts to dampen the impact of the state programs.

New Tobacco Control Spending Will Save Lives. Tobacco use is responsible for more deaths than alcohol, auto accidents, AIDS, suicides, murders, and illegal drugs combined. Each year, about 400 people die from smoking-related causes in Alaska, and countless others suffer from tobacco-related disease and distress, including many of those exposed to second hand smoke. If current smoking trends are not reversed, roughly 17,000 of the children currently alive in the state will eventually die from smoking-related causes. Directing tobacco settlement monies to tobacco control can reduce this unnecessary disease, misery, and death -- and there is no better investment Alaska can make to save lives and improve public health.

New Tobacco Control Spending Will Save Alaska Money. Public and private direct expenditures in Alaska to treat health problems caused by smoking annually total roughly \$150 million, with the state government paying approximately \$20 million every year in cigarette-related Medicaid expenditures. Alaska and its citizens annually pay millions more for health care relating to smokeless tobacco use, cigar and pipe smoking, and exposure to second hand smoke. Beyond these direct health expenditures are tobacco-related labor costs and lost productivity (e.g., tobacco-related sick days); damage and loss from cigarette-related fires; and tobacco-related maintenance and cleaning expenses. An aggressive statewide tobacco control strategy would reduce all of these tobacco-related costs and save the state, its businesses, and its citizens many millions of dollars each and every year.

Nickel And Diming The Problem Won't Work. Significantly reducing tobacco use in Alaska requires substantial investment in a sustained and comprehensive multi-year tobacco control strategy. Anything less will not effectively counter the addictive power of nicotine or the tobacco companies' advertising and marketing expenditures (more than \$11 million per year in Alaska). Existing tobacco control efforts throughout the country show that the best way to reduce tobacco use, other than raising prices, is to take full advantage of a wide range of proven effective measures, including counter advertising, school and community-based prevention and cessation programs, the enhanced enforcement of laws prohibiting the sale of tobacco products to kids, and the firm maintenance of smoke-free workplaces and public areas. While any one of these tobacco control measures can reduce tobacco use by itself, they work much more powerfully and effectively when done together.

Relying On The Settlement Agreement's Tobacco Control Provisions Won't Work. Although the tobacco settlement contains some useful restrictions on tobacco marketing, they will not, by themselves, significantly hinder the tobacco industry's ability to market to kids. Similarly, the new national public education campaign financed by the multi-state settlement can significantly reduce tobacco use only if it is accompanied by strong state tobacco control efforts. Put simply, the tobacco settlement can dramatically cut tobacco use in Alaska only if the state uses its tobacco company payments to finance new tobacco control initiatives.

If The State Doesn't Do It, No One Else Will. Because of a special provision in the settlement agreement, until 2003 the tobacco companies' payments to Alaska will be reduced by any new federal funding made available to the state for tobacco control efforts that comes from an increase in the federal tobacco tax or from any other new charges against the tobacco companies. Consequently, it is highly unlikely that Congress will direct any new federal tobacco control funding to Alaska for some time.

Adequately Funding A Comprehensive Statewide Tobacco Control Strategy Would Still Leave Plenty Of Settlement Funding For Other Purposes. The U.S. Centers for Disease Control and Prevention estimates that adequately funding a comprehensive tobacco control effort in Alaska requires \$8 to \$17 million per year in new funding. Accordingly, Alaska could create a strong new tobacco control program and still have roughly \$10 million or more per year available for other purposes. Moreover, by increasing its tax on cigarettes (currently 100¢ per pack), one of the best ways to reduce tobacco use, Alaska could secure even more funding for tobacco control and other worthwhile initiatives.

Directing Settlement Payments To Tobacco Control Will Not Waste Money. Tobacco control efforts throughout the country have been carefully researched and evaluated. Accordingly, Alaska could easily direct its settlement payments to support only those types of tobacco control initiatives that have established track records and follow available research findings on how to maximize beneficial results. To further enhance cost effectiveness, Alaska could also require that all of its new tobacco control activities be carefully monitored and evaluated, both to avoid fraud and abuse and to continually improve program performance.

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For state-specific data on deaths caused by smoking, smoking and smokeless tobacco use rates, and other tobacco-related information, see Centers for Disease Control and Prevention (CDC), U.S. Department of Health and Human Services, State Tobacco Control Highlights 1997 (1998) [<http://www.cdc.gov/ccodphp/nsh/statehi/statehi.htm>]. See also, CDC, "State-Specific Prevalence Among Adults of Current Cigarette Smoking and Smokeless Tobacco Use and Per Capita Tax-Paid Sales of Cigarettes - United States, 1997," Morbidity and Mortality Weekly Report 47(43): 922-926 (November 8, 1998); "1995 Alaska Youth Risk Behavior Survey"; CDC, "State-Specific Prevalence of Cigarette Smoking Among Adults, and Children's and Adolescents' Exposure to Environmental Tobacco Smoke - United States 1996," Morbidity and Mortality Weekly Report 46(44): 1038-1043 (November 7, 1997); CDC, "Smoking Attributable Mortality and Years of Potential Life Lost - United States, 1984" (with editor's update for 1990-1994), Morbidity and Mortality Weekly Report 41(20): 444-451 (May 23, 1997). For projected smoking deaths among today's youth, see CDC, "Projected Smoking-Related Deaths Among Youth - United States," Morbidity and Mortality Weekly Report 45(44): 971-974 (November 8, 1996).

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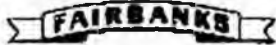
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CDC estimates on how much Alaska would have to spend to implement a comprehensive statewide tobacco control program are from Office on Smoking and Health, CDC, "State Comprehensive Tobacco Prevention and Control Guidelines" (October 1998). Information on the states' tobacco settlement receipts from the website of the National Association of Attorneys General <http://www.naag.org/>, and related links.

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Sam Bishop, Opinion Page Editor; 459-7574; e-mail: letters@newsminer.c

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Supplant the cigarettes

Officials from several states squeezed an immense settlement from tobacco companies last year using a cost argument. It costs government to treat people with tobacco ailments, the officials said, so government has a right to collect. Pay up, they told the tobacco companies, or we will pursue you as far as our courts can carry us. The companies paid.

Now the states, including Alaska, must decide what to do with the money. The honorable thing would be to spend a substantial chunk on an anti-tobacco campaign. If the state is so concerned about how much tobacco is costing our society that it will coerce millions from the tobacco companies, then the state ought to use that coerced money to reduce tobacco's use.

After all, that was the real goal of all this legal maneuvering, right? Let's stick to it.

The state of Alaska expects to receive a staggering \$669 million from the settlement during the next 25 years. That's about \$26 million a year on average.

Few in Juneau seem interested in applying any substantial chunk of this money to solving the problem, though. Legislators have proposed no increase in spending on tobacco education. The governor asked for \$3 million.

A coalition of anti-smoking groups has created a plan that would spend about \$8 million. They developed the plan by looking at what has worked in other states. It's a credible proposal and deserves support.

Of course, one can argue that the state could reasonably apply the tobacco money elsewhere in the budget. For example, it could help offset the increases in Medicaid spending. Some of those increases are presumably related to smoking (although some studies have concluded that the government's overall health care costs are actually reduced by smoking because smokers die sooner and faster).

But Medicaid just deals with the end result. If we were so concerned about smoking that we forced tobacco companies to pay government penalties, then we ought to make sure our government spends those penalties in a way that discourages that behavior. Anything less gives the government a bizarre financial interest in the continuance of such behavior.

Let's put our money where our mouths are. The dollars will supplant a few cigarettes.

To: Alaska Legislators
From: Citizens To
Protect Kids from
Tobacco
(Cancer Society
Heart Association
Lung Association
AK Native Health Board)

FYI



Healthwise by Andrea Rock

Quitting Time for Smokers

New products and programs can quadruple your chances of success.

IF YOU'RE among the millions of smokers who resolve to quit each New Year's Day, only to find yourself a few days later dejectedly puffing away, take heart. A revolution in medical understanding of how smokers get hooked has led to new approaches to quitting that can increase your chances of success from the 5% typical of cold-turkey quitters to 20% or more. And at least part of the \$206 billion tobacco settlement will go to funding programs to help you.

Recent studies provide clues to why breaking an addiction to nicotine is so difficult—even more difficult than kicking heroin or cocaine, according to Steven Adelman, medical director of substance abuse services for Harvard Vanguard Medical Associates. Nicotine stimulates brain cells to release a pleasure-inducing chemical called dopamine. "Each puff of a cigarette is a hit, a neurobiological mini-orgasm that is repeated millions of times, which explains why smokers yearn for that experience much longer than people addicted to many other pleasure-giving substances," Adelman says.

To still quitters' cravings, doctors and counselors have come to rely on various forms of nicotine replacement—from the now familiar skin patches to the cigarette-like Nicotrol Inhaler introduced last year. And the new drug Zyban targets the pathways of nicotine addiction in the brain, rather than replacing nicotine. The table at right details the cost, side effects and percentages of smokers

who are still off cigarettes a year after quitting while using each of these products. Although you may see ads touting a product's success among those who've used it for a month or two, the one-year success rate is the best indicator of effectiveness, says Richard Merrick, whose 10-week smoking-cessation program at Kaiser Permanente in Harbor City, Calif. has an astounding 57% one-year quit rate.

How Zyban helps






Richard E. Hurt, director of the Mayo Clinic's \$3,000 eight-day inpatient program, which has helped 43% of its severely addicted clients kick the habit, generally recommends that smokers start taking Zyban—the first pill to be approved by the FDA as a smoking-cessation aid—about a week before they plan to quit.

The drug, which is also sold as an antidepressant called Wellbutrin SR (the initials stand for sustained release), lessens the desire to smoke by raising dopamine levels in the brain, just as cigarettes do. Zyban also whittles the average quitter's five-pound weight gain.

Zyban has no effect on 15% to 20% of smokers who try it, says Linda Ferry, a researcher at Loma Linda University School of Medicine, who first discovered that the drug helped people quit smoking. Experts suggest giving Zyban a one-month trial; most people take it for 12 weeks. Some health plans don't cover Zyban, but a few less than forthcoming smokers have gotten around that by asking doctors to diagnose them with depression and prescribe Wellbutrin SR, which is generally covered.

TOOLS FOR THE WOULD-BE NONSMOKER

Consult your doctor before using any nicotine-replacement product, particularly if you have heart disease or are taking medication for asthma or depression.

Product	How it works	One-year quit rate	Monthly cost
Nicorette gum 	Average smoker chews six to nine pieces daily; each piece has 4mg of nicotine. Side effect: jaw pain	10% to 15%	\$120
Nicotine-replacement patches (Nicoderm and Nicotrol are both sold over the counter; other brands are sold by prescription only) 	Smokers apply skin patches daily, absorbing doses of nicotine that range from 7mg to 21mg. Side effect: skin irritation	10% to 15%	108
Nicotrol Nasal Spray (prescription only) 	Delivers 0.5mg per spray; can be used daily for up to six months. Nicotine hits bloodstream faster than gum, patch or inhaler.	10% to 15%	120
Nicotrol Inhaler (prescription only) 	Patient puffs on plastic mouthpiece containing nicotine cartridge to receive 4mg of nicotine, or about one-third the blood level delivered by a cigarette.	10% to 15%	160
Zyban (prescription only) 	Two tablets a day changes brain chemistry to relieve cravings. Also reduces weight gain that occurs after quitting. Side effects: dry mouth, insomnia and a one in 1,000 risk of seizure	23%	\$84 to \$100

Sources: Sol Schiffman of the University of Pittsburgh (nicotine-replacement success rates), McNeil Consumer Products, SmithKline and Glaxo Wellcome

Jessica Wecker (5)

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PERSONAL INTEREST

Healthwise *continued*

Because Zyban carries a slight (one in 1,000) risk of seizures, Harvard Vanguard's Adelman prefers starting patients off with a nicotine patch. But for smokers who find they crave the ritual and hand-to-mouth activity of smoking, nicotine gum, the inhaler or nasal spray may work better, he says. The nasal spray gets nicotine into your system fastest, while the inhaler most closely replicates the act of smoking. The gum's advantage is that it's available without a prescription; most smokers will need the 4mg version.

To help the most intractable smokers, specialists now combine Zyban with nicotine-replacement products, using double patches or patches plus gum or an inhaler. "Most patches deliver only half the nicotine a smoker would get from one pack a day. So some may find nico-



tine replacement hasn't worked well simply because they're being underdosed," says the Mayo Clinic's Hurt. Some doctors keep patients on the products for several months rather than the 10 to 12 weeks most manufacturers recommend.

But to avoid dangerously high blood pressure or nicotine overdosing (40mg to 60mg is considered lethal, but individual tolerances can vary), combining products or straying from dosage instructions should be done only under a doctor's supervision. And while nicotine replacement is safer than smoking, new studies from the University of Minnesota suggest that using nicotine replacement for more than three to six months may damage blood and lung cells, possibly leading to artery disease, bronchitis or both.

Why you may need a support group
"Smoking is a way of coping with stress as well as of obtaining pleasure, so break-

Christopher Smith/Impact Visuals

ing that psychological addiction is just as crucial as eliminating the physical one," says Bonnie Spring, a University of Illinois-Chicago psychologist whose programs achieve long-term quit rates of 40% or more. Adding some form of counseling to your quitting plan is essential, says Richard Merrick. Participants in his highly successful Kaiser Permanente program attend Nicotine Anonymous meetings (415-750-0328). Merrick says that the group, which applies Alcoholics Anonymous principles to smokers, is the best of the many low-cost or free groups because it offers long-term support. If Nicotine Anonymous doesn't meet in your area, both the American Cancer Society (800-227-2345) and the American Lung Association (800-586-4872) sponsor counseling programs of four to eight weeks' duration.

What's coming

In the research pipeline now are several drugs that, like Zyban, target brain chemistry. There are also novel forms of nicotine replacement, including an under-the-tongue tablet and a lollipop. The market for these drugs is expanding at a rapid pace. In 1998, sales of over-the-counter nicotine-replacement products exceeded \$568 million, according to Information Resources, a Chicago-based marketing research firm. That's nearly double total sales in 1996, when these products first became available over the counter. Prescriptions are soaring too. Sales for the 12 months that ended September 1998 totaled \$184.4 million, up 154% from the previous year, according to IMS Health, a health-care information company in Plymouth Meeting, Pa.

Using smoking-cessation aids as part of a plan you develop with an experienced doctor makes you more likely to reap their full benefits. First, though, talk to your health plan. About 75% of HMOs now cover smoking-cessation products and programs, which may be provided by the plan itself. You can also locate a physician who specializes in smoking cessation by calling the 3,200-member American Society of Addiction Medicine (301-656-3920). E3

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Sources

Polling data on using tobacco settlement payments for new tobacco control efforts from state-specific and national polls of likely voters conducted for the National Center for Tobacco-Free Kids by Mason Dixon Political/Media Research in early October 1998, and by Market Facts' TeleNation in early November 1998, respectively.

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December 31, 1998

4/6/99

FAIRBANKS

Daily News - Miner

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CHARLES L. GRAY
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Editorial Page Editor**Supplant the cigarettes**

Officials from several states squeezed an immense settlement from tobacco companies last year using a cost argument. It costs government to treat people with tobacco ailments, the officials said, so government has a right to collect. Pay up, they told the tobacco companies, or we will pursue you as far as our courts can carry us. The companies paid.

Now the states, including Alaska, must decide what to do with the money. The honorable thing would be to spend a substantial chunk on an anti-tobacco campaign. If the state is so concerned about how much tobacco is costing our society that it will coerce millions from the tobacco companies, then the state ought to use that coerced money to reduce tobacco's use.

After all, that was the real goal of all this legal maneuvering, right? Let's stick to it.

The state of Alaska expects to receive a staggering \$669 million from the settlement during the next 25 years. That's about \$26 million a year on average.

Few in Juneau seem interested in applying any substantial chunk of this money to solving the problem, though. Legislators have proposed no increase in spending on tobacco education. The governor asked for \$3 million.

A coalition of anti-smoking groups has created a plan that would spend about \$8 million. They developed the plan by looking at what has worked in other states. It's a credible proposal and deserves support.

Of course, one can argue that the state could reasonably apply the tobacco money elsewhere in the budget. For example, it could help offset the increases in Medicaid spending. Some of those increases are presumably related to smoking (although some studies have concluded that the government's overall health care costs are actually reduced by smoking because smokers die sooner and faster).

But Medicaid just deals with the end result. If we were so concerned about smoking that we forced tobacco companies to pay government penalties, then we ought to make sure our government spends those penalties in a way that discourages that behavior. Anything less gives the government a bizarre financial interest in the continuance of such behavior.

Let's put our money where our mouths are. The dollars will supplant a few cigarettes.

To: Alaska legislators
From: Citizens To
Protect Kids from
Tobacco
(Cancer Society
Heart Association
Lung Association
AK Native Health Board)

FY 1

Healthwise by Andrea Rock

Quitting Time for Smokers

New products and programs can quadruple your chances of success.

IF YOU'RE among the millions of smokers who resolve to quit each New Year's Day, only to find yourself a few days later dejectedly puffing away, take heart. A revolution in medical understanding of how smokers get hooked has led to new approaches to quitting that can increase your chances of success from the 5% typical of cold-turkey quitters to 20% or more. And at least part of the \$206 billion tobacco settlement will go to funding programs to help you.

Recent studies provide clues to why breaking an addiction to nicotine is so difficult—even more difficult than kicking heroin or cocaine, according to Steven Adelman, medical director of substance abuse services for Harvard Vanguard Medical Associates. Nicotine stimulates brain cells to release a pleasure-inducing chemical called dopamine. "Each puff of a cigarette is a hit, a neurobiological mini-orgasm that is repeated millions of times, which explains why smokers yearn for that experience much longer than people addicted to many other pleasure-giving substances," Adelman says.

To still quitters' cravings, doctors and counselors have come to rely on various forms of nicotine replacement—from the now familiar skin patches to the cigarette-like Nicotrol Inhaler introduced last year. And the new drug Zyban targets the pathways of nicotine addiction in the brain, rather than replacing nicotine. The table at right details the cost, side effects and percentages of smokers

who are still off cigarettes a year after quitting while using each of these products. Although you may see ads touting a product's success among those who've used it for a month or two, the one-year success rate is the best indicator of effectiveness, says Richard Merrick, whose 10-week smoking-cessation program at Kaiser Permanente in Harbor City, Calif. has an astounding 57% one-year quit rate.

How Zyban helps

Richard E. Hurt, director of the Mayo Clinic's \$3,000 eight-day inpatient program, which has helped 43% of its severely addicted clients kick the habit, generally recommends that smokers start taking Zyban—the first pill to be approved by the FDA as a smoking-cessation aid—about a week before they plan to quit.

The drug, which is also sold as an antidepressant called Wellbutrin SR (the initials stand for sustained release), lessens the desire to smoke by raising dopamine levels in the brain, just as cigarettes do. Zyban also whittles the average quitter's five-pound weight gain.

Zyban has no effect on 15% to 20% of smokers who try it, says Linda Ferry, a researcher at Loma Linda University School of Medicine, who first discovered that the drug helped people quit smoking. Experts suggest giving Zyban a one-month trial; most people take it for 12 weeks. Some health plans don't cover Zyban, but a few less than forthcoming smokers have gotten around that by asking doctors to diagnose them with depression and prescribe Wellbutrin SR, which is generally covered.

TOOLS FOR THE WOULD-BE NONSMOKER

Consult your doctor before using any nicotine-replacement product, particularly if you have heart disease or are taking medication for asthma or depression.

Product	How it works	One-year quit rate	Monthly cost
Nicorette gum	Average smoker chews six to nine pieces daily; each piece has 4mg of nicotine. Side effect: jaw pain	10% to 15%	\$120
Nicotine-replacement patches (Nicoderm and Nicotrol are both sold over the counter; other brands are sold by prescription only)	Smokers apply skin patches daily, absorbing doses of nicotine that range from 7mg to 21mg. Side effect: skin irritation	10% to 15%	108
Nicotrol Nasal Spray (prescription only)	Delivers 0.5mg per spray; can be used daily for up to six months. Nicotine hits bloodstream faster than gum, patch or inhaler.	10% to 15%	120
Nicotrol Inhaler (prescription only)	Patient puffs on plastic mouthpiece containing nicotine cartridge to receive 4mg of nicotine, or about one-third the blood level delivered by a cigarette.	10% to 15%	160
Zyban (prescription only)	Two tablets a day changes brain chemistry to relieve cravings. Also reduces weight gain that occurs after quitting. Side effects: dry mouth, insomnia and a one in 1,000 risk of seizure	23%	\$84 to \$100

Source: Sol Schiffman of the University of Pittsburgh (nicotine-replacement success rates), McNeil Consumer Products, SmithKline and Green Wellcome

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PERSONAL INTEREST

Healthwise *continued*

Because Zyban carries a slight (one in 1,000) risk of seizures, Harvard Vanguard's Adelman prefers starting patients off with a nicotine patch. But for smokers who find they crave the ritual and hand-to-mouth activity of smoking, nicotine gum, the inhaler or nasal spray may work better, he says. The nasal spray gets nicotine into your system fastest, while the inhaler most closely replicates the act of smoking. The gum's advantage is that it's available without a prescription; most smokers will need the 4mg version.

To help the most intractable smokers, specialists now combine Zyban with nicotine-replacement products, using double patches or patches plus gum or an inhaler. "Most patches deliver only half the nicotine a smoker would get from one pack a day. So some may find nico-



tine replacement hasn't worked well simply because they're being underdosed," says the Mayo Clinic's Hurt. Some doctors keep patients on the products for several months rather than the 10 to 12 weeks most manufacturers recommend.

But to avoid dangerously high blood pressure or nicotine overdosing (40mg to 60mg is considered lethal, but individual tolerances can vary), combining products or straying from dosage instructions should be done only under a doctor's supervision. And while nicotine replacement is safer than smoking, new studies from the University of Minnesota suggest that using nicotine replacement for more than three to six months may damage blood and lung cells, possibly leading to artery disease, bronchitis or both.

Why you may need a support group

"Smoking is a way of coping with stress as well as of obtaining pleasure, so break-

© Philip Sheer Smith/Angebot Visuals

ing that psychological addiction is just as crucial as eliminating the physical one," says Bonnie Spring, a University of Illinois-Chicago psychologist whose programs achieve long-term quit rates of 40% or more. Adding some form of counseling to your quitting plan is essential, says Richard Merrick. Participants in his highly successful Kaiser Permanente program attend Nicotine Anonymous meetings (415-750-0328). Merrick says that the group, which applies Alcoholics Anonymous principles to smokers, is the best of the many low-cost or free groups because it offers long-term support. If Nicotine Anonymous doesn't meet in your area, both the American Cancer Society (800-227-2345) and the American Lung Association (800-586-4872) sponsor counseling programs of four to eight weeks' duration.

What's coming

In the research pipeline now are several drugs that, like Zyban, target brain chemistry. There are also novel forms of nicotine replacement, including an under-the-tongue tablet and a lollipop. The market for these drugs is expanding at a rapid pace. In 1998, sales of over-the-counter nicotine-replacement products exceeded \$568 million, according to Information Resources, a Chicago-based marketing research firm. That's nearly double total sales in 1996, when these products first became available over the counter. Prescriptions are soaring too. Sales for the 12 months that ended September 1998 totaled \$184.4 million, up 154% from the previous year, according to IMS Health, a health-care information company in Plymouth Meeting, Pa.

Using smoking-cessation aids as part of a plan you develop with an experienced doctor makes you more likely to reap their full benefits. First, though, talk to your health plan. About 75% of HMOs now cover smoking-cessation products and programs, which may be provided by the plan itself. You can also locate a physician who specializes in smoking cessation by calling the 3,200-member American Society of Addiction Medicine (301-656-3920). □

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SUGGESTED SCRIPT: HB37
HOUSE FINANCE COMMITTEE
April 16, 1999

AGENDA:

HB 37 – Adds smoking cessation component to DHSS

1. Introduction of Bill - Rep. Norman Rokeberg (5 min.)
2. **Adopt CS**
3. Anne Marie Holen – Alaska Native Health Board, with video; Danny McGoldrick, Campaign for Tobacco Free Kids (20 min.)
4. Commissioner Karen Perdue, Dept. of Health and Social Services (5 min.)
5. 4 people to testify via teleconference (2 min. each – Anchorage & F.B.)
6. Doug Gardner will be available for questions, if needed.

About 20 minutes for questions

CONSIDER AMENDMENT:

AMENDMENT 1:

- ❖ Page 1, line 12:
Delete “does not comply with all of”
Insert “differs in any respect from”

Reason: There has been an argument that if the packs have any warning at all, they should be allowed. Wording may differ and the rotating warnings would not be utilized as required by the FTC.

- ❖ Page 2, line 5:
Delete "masking"
Insert "adding, masking,"

Reason: Covers all possibilities for tampering with the warning label.

- ❖ Page 2, line 10:
Delete "may"
Insert "shall"

Reason: There should be no question about how the confiscated product will be disposed. Reselling the cigarettes should not be an option.

Thank you,
Representative Rokeberg

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 37(HES)

BY REPRESENTATIVE ROKEBERG

- 1 Page 1, line 12:
- 2 Delete "does not comply with all of"
- 3 Insert "differs in any respect from"

- 4 Page 2, line 5:
- 5 Delete "masking"
- 6 Insert "adding, masking."

- 7 Page 2, line 10:
- 8 Delete "may"
- 9 Insert "shall"

EXPLANATION OF CHANGES:

Page 1, line 12 - An argument has been made that if the packs have any warning at all, they should be allowed. Wording may differ and the rotating warnings would not be utilized as required by the FTC.

Page 2, line 5 - Covers all possibilities for tampering with the warning label.

Page 2, line 10 - There should be no question about how the confiscated product will be disposed. Reselling the cigarettes should not be an option.

Rep. Rokeberg

Citizens To Protect Kids from Tobacco

1057 W. Fireweed Lane, Suite 204 • Anchorage, Alaska 99503 • (907) 277-8696 • Fax: (907) 263-2073

March 8, 1999

Dear Legislators:

This Plan for the Future was developed by the Alaska Tobacco Control Alliance to provide a blueprint for dramatically reducing tobacco-caused addiction, disease, and death in Alaska. It incorporates proven strategies and expert recommendations for an effective, comprehensive statewide tobacco control program.

During the Hickel Administration, Alaska adopted a goal to reduce smoking prevalence to no more than 15% by the year 2000. We're not going to reach that goal, not in this century. But that doesn't mean we should give up. As Dr. Michael Eriksen, director of the CDC Office on Smoking and Health said, *"The challenge is to put into place what we know works. To do anything less is to turn our backs on the health of future generations."*

Another reason not to give up is because we now have the resources to fight tobacco and win. Those resources are in the form of tobacco industry payments to Alaska, amounting to over \$25 million a year for 25 years. With this money, we have a historic opportunity to make sure that the past does not become the future.

Citizens To Protect Kids from Tobacco supports using at least 30% of the tobacco settlement payments to fund an ongoing, comprehensive tobacco control program. We ask that you consider the following points:

Tobacco company payments should go to fight tobacco company harms. The tobacco companies' payments to Alaska for past tobacco-related harm to the state should be used to reduce the amount of damage tobacco use will cause Alaska and its citizens in the future.

The public supports using tobacco settlement money for tobacco control. In a pre-election poll of likely Alaska voters, 77% said that about half or more of the settlement funds should be spent on programs to reduce smoking.

Tobacco is the biggest killer in Alaska. One out of five deaths in the state are caused by smoking. More than 4,000 Alaskan kids under age 18 become new daily smokers each year.

A comprehensive statewide tobacco control strategy would dramatically reduce smoking and other tobacco use in Alaska. We know from the experience in other states that investing substantial resources in tobacco prevention and cessation programs pays off. The money is not wasted.

New tobacco control spending will save Alaska money. Tobacco use costs the Alaskan economy \$150 million each year in direct health care costs alone. This figure is



March 8, 1999
Page 2

conservative, since it covers only those health care costs among adults caused by their own smoking. It doesn't include health costs related to secondhand smoke exposure or health costs for newborns and infants caused by their mothers' smoking during pregnancy.

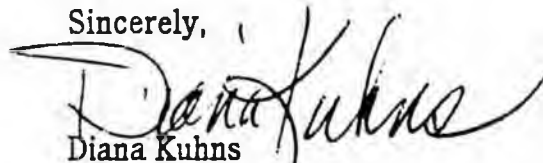
Relying on the settlement agreement's tobacco control provisions won't work. The settlement's public health provisions are weak and are not expected to reduce tobacco use significantly. Put simply, the tobacco settlement can dramatically cut tobacco use in Alaska only if the state uses its tobacco company payments to finance new tobacco control initiatives.

Nickel and diming the problem won't work. Significantly reducing tobacco use in Alaska requires substantial investment in a sustained and comprehensive multi-year tobacco control strategy. Anything less will not effectively counter the addictive power of nicotine or tobacco company marketing.

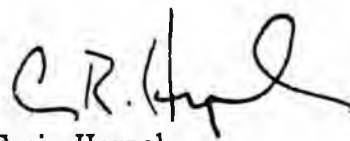
Existing tobacco control efforts throughout the country show that the best way to reduce tobacco use, other than raising prices, is to take full advantage of a wide range of proven effective measures, including counteradvertising, school and community-based prevention and cessation programs, the enhanced enforcement of laws prohibiting the sale of tobacco products to kids, and the firm maintenance of smoke-free workplaces and public places. While any one of these tobacco control measures can reduce tobacco use by itself, they work much more powerfully and effectively when done together.

Alaskans understand where this money is coming from and how it should be spent. We have been seeing the same level of support for a comprehensive tobacco control program that we saw with the tobacco tax. Alaskans want to see state government take on the tobacco industry. If we invest the resources we need to do it right, we all win. Let's make smoking history.

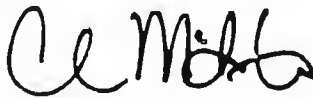
Sincerely,



Diana Kuhns
Chief Operating Officer
American Cancer Society
Western Pacific Division



Craig Harpel
Executive Director
American Heart Association
Alaska Region



Christie McIntire
Executive Director
American Lung Association of Alaska



Leo J. Morgan
President and CEO
Alaska Native Health Board

HB

37

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/14/00

REPORTED OUT OF
SFC 4/13/00

FURTHER:

DATE TURNED
IN TO OFFICE: 4/18/00

Finance Committee considered CS FOR HOUSE BILL NO. 37(FIN)

"An Act relating to restricting sale of cigarettes, to enforcement of certain laws relating to sales of cigarettes, and to smoking education and cessation programs administered by the Department of Health and Social Services."

and recommends:

- be replaced with ✓ CS CS/HB 37 (Fin)
- adopt previous _____ CS - Forthcoming _____
- attached amendment(s) CS
- adopt Letter of Intent by _____
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

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

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

DHS	4/15/00	✓	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

STATE OF ALASKA
2000 Legislative Session

REPORTED OUT OF FISCAL NOTE

SFC 4/18/00

BILL NO. SCS CS HB 37(JUD)

Revision Date: 04/15/00
Title: Relating to Smoking Education and Cessation

Dept. Affected Health and Social Services
BRU Health Services
Component Community Health and EMS

Sponsor: Rokeberg
Requester: Senate (FIN)

Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	0.0					
Contractual	0.0					
Supplies	0.0					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	0.0					
Miscellaneous	0.0					
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES []						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY01	FY02	FY03	FY04	FY05	FY06
1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
1091 Designated Program Receipts	0.0					
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) costs: 0.0


POSITIONS

Full-time						
Part-time						
Temporary						

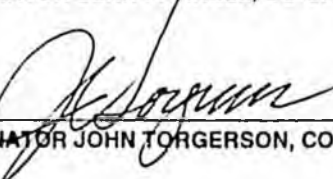
ANALYSIS: (Attach a separate page if necessary)

Funding for tobacco prevention and control program is appropriated in the operating budget.

Prepared By: SENATE FINANCE COMMITTEE


SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/15/00
Phone: 465-2995


SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/15/00
Phone: 465-2828

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS

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JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

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Representative Norman Rokeberg

Sponsor Statement

SCS CSHB 37 (JUD)

“An Act relating to restricting sale of cigarettes and to smoking education programs administered by the Department of Health and Social Services”

SCS CSHB 37 AUTHORIZES: A comprehensive smoking education, tobacco use prevention and tobacco control program. ENSURES that the tobacco education, prevention and control programs will be administered by non-State contractor(s). Approximately \$816 million in tobacco settlement monies will come to the State of Alaska. The Alaska Department of Health and Social Services will monitor private tobacco settlement contracts. This is not intended to add to the State of Alaska bureaucracy. It also contains provisions to bolster tobacco control enforcement efforts in Alaska. This legislation was introduced to ensure a fair allocation of the estimated \$669 million tobacco settlement monies (subsequently revised to \$816 million) that Alaska will receive under the tobacco settlement.

According to the Alaska Tobacco Control Alliance, SMOKING IS THE LEADING CAUSE OF DEATH IN ALASKA, about 500 Alaskans die every year from smoking-related illnesses. Alaska has one of the highest smoking rates in the country-110,000 smokers-and more than 80 percent of Alaskans who smoke report that they want to quit. We need to lend a hand to those who want to quit, and prevent people-our youth, in particular-from starting this potentially deadly habit.

CSHB37 outlines a comprehensive tobacco control program based on the Center for Disease Control's guidelines. Similar programs in California and Massachusetts have yielded remarkable results: cigarette consumption in California has declined 40% overall, and smoking in Massachusetts has decreased by 31%. Alaska is long overdue for such a program. The sooner we implement it, the sooner we can save lives and reduce the costs to individuals and the State for smoking-related illnesses.

Additionally, this bill prohibits sales of cigarettes in groups of less than 20, not in their original packaging, and not properly labeled for sale in the United States. By strengthening tobacco control enforcement, proscribing sale of "loosies" and by providing that violation may be either a class B misdemeanor or an unfair trade practice violation, it helps support the comprehensive tobacco control program.

It is the sponsor's intention, that upon passage of this bill, contractual agreements will be made with organizations such as the American Lung Association of Alaska, the American Cancer Society, and the Alaska Native Health Board to implement the program. The Department of Health and Social Services will be responsible for oversight; we do not need to contribute to government bureaucracy by burdening the State with additional programmatic duties.

This bill will be a valuable tool in shaping the future of all Alaskans-whether they be young or old, smokers or not-by improving their overall health, decreasing smoking-related medical costs, protecting our future generations from the negative effects of smoking, and even saving lives.

I urge you to support this legislation.

ED3:04/13/00

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

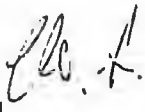
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 13, 2000

SUBJECT: Sectional Summary of SCSCSHB 37(JUD)

TO: Representative Norman Rokeberg
Attn: Tom

FROM: Michael F. Ford 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds provisions relating to regulation of sale or distribution of cigarettes. Under Sec. 43.50.400 packaging, importation, labeling and warning restrictions are imposed on cigarette sales in this state. Under Sec. 43.50.410 cigarettes manufactured outside the United States are subject to certain reporting requirements. Sec. 43.50.420 allows the commissioner of revenue to share information for enforcement purposes. Under Sec. 43.50.430 certain types of cigarettes are excluded from the provisions of AS 43.50.400 - 43.50.450. Under Sec. 43.50.450 certain terms are defined.

Section 2. Imposes restrictions on retail sales of cigarettes, including packaging and labeling. Makes a violation of this section both an unfair trade practice and a class B misdemeanor.

Section 3. Requires the Department of Health and Social Services to administer a comprehensive smoking education, tobacco use prevention, and tobacco control program. Specifies certain components of the program.

MFF:glc
00-175.glc

SENATE FINANCE
COMMITTEE
Amendment Number: #1
Bill Number: CSHB 37
Sponsor: Parred Date: 4/12/00
Logged In By: Jamie

1-LS0247B.1
Ford
4/13/00

AMENDMENT

OFFERED IN THE SENATE
TO: SCS CSHB 37(JUD)

- 1 Page 5, line 5:
- 2 Delete "more than one organization"
- 3 Insert "one or more organizations"

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

Bill Number:	RH 37
Amendment:	# 1
Motion:	
<u>Motion by</u>	CCP
<u>Objection</u>	
<u>Objection by</u>	JB
<u>Removed</u>	
<u>Second Objection by</u>	
<u>Committee Member</u>	<u>Vote</u>
Senator Dave Donley	y
Senator Loren Leman	y
Senator Al Adams	y
Senator Gary Wilken	y
Senator Pete Kelly	X
Senator Lyda Green	X
Senator Randy Phillips	y
Co-Chair Sean Parnell	y
Co-Chair John Torgerson	y
<u>Tally</u>	
Yea	7 0
Nay	2 0
Absent	0
<u>MOTION</u>	

FISCAL NOTE

STATE OF ALASKA
2000 Legislative Session

BILL NO. SCS CS HB 37(JUD)

Revision Date: 04/15/00
Title: Relating to Smoking Education and Cessation
Sponsor: Rokeberg
Requester: Senale (FIN)

Dept. Affected Health and Social Services
BRU Health Services
Component Community Health and EMS
Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	0.0					
Contractual	0.0					
Supplies	0.0					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	0.0					
Miscellaneous	0.0					
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES []						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY01	FY02	FY03	FY04	FY05	FY06
1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
1091 Designated Program Receipts	0.0					
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) costs: 0.0


POSITIONS

POSITIONS	FY01	FY02	FY03	FY04	FY05	FY06
Full-time						
Part-time						
Temporary						

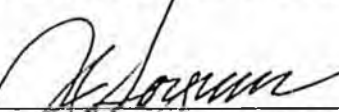
ANALYSIS: *(Attach a separate page if necessary)*

Funding for tobacco prevention and control program is appropriated in the operating budget.

Prepared By: SENATE FINANCE COMMITTEE


SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/15/00
Phone: 465-2995


SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/15/00
Phone: 465-2828

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

Bill Number	CS#1337
Amendment	Fiscal Note exempt.
Motion	
<u>Motion by</u>	SP
<u>Objection</u>	
<u>Objection by</u>	
<u>Removed</u>	
<u>Second Objection by</u>	
<u>Committee Member</u>	<u>Vote</u>
Senator Loren Leman	
Senator Al Adams	
Senator Gary Wilken	
Senator Pete Kelly	
Senator Lyda Green	
Senator Randy Phillips	
Senator Dave Donley	
Co-Chair Sean Parnell	
Co-Chair John Torgerson	
<u>Tally</u>	
Yea	0
Nay	0
Absent	0
<u>MOTION</u>	RB 577.

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER



INTERIM:
716 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

Representative Norman Rokeberg

Many organizations and individuals support the use of tobacco funds for the program outlined in House Bill 37. The following is a list of those who have sent messages and letters of support:

- American Cancer Society
- American Heart Association
- American Lung Association
- Alaska Native Health Board
- Alaska Safety Advisory Council
- American Industrial Hygiene Association, Midnight Sun Section
- Alaska Academy of Physician Assistants
- Alaska Dental Society
- Alaska State Dental Hygienists' Association
- Rena Anderson, RDH
- Alaska Association of Elementary School Principals
- Alaska Women's Resource Center
- Southeast Alaska Regional Health Consortium
- Native Village of Gambell
- Office of Health Nations
- Recovery Center, Ketchikan General Hospital
- "Haa Gaaw aat lax-ee" (The Drum Dancers)
- Juneau Tobacco Prevention Network
- Anchorage School Board
- Cordova Public Schools
- Alaska Federation of Republican Women
- Teens Against Tobacco Use
- Judy Downs, RN, Safe and Drug Free Schools
- Jane Combs, PHN (for Barrow's public health nurses and self)
- Dr. Hal Post, UAA, retired
- Judith Bendersky, Public Health Educator
- Christina Reagle
- Evelyn Williams
- Paul Barrett

My office has also received numerous POMs from individuals favoring the use of tobacco settlement funds for tobacco control and cessation programs.

RECEIVED

APR 04 2000



March 30, 2000

The Honorable Representative Norm Rokeberg
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801

Dear Representative Rokeberg:

Once again, we want to express our appreciation for your continuing commitment to tobacco control efforts. Since the meeting last Friday, efforts have been made to update statewide members of the Alaska Tobacco Control Alliance regarding ~~House Bill 37~~ and developments since it has been referred to the Senate Judiciary Committee. As you know, the American Lung Association of Alaska is acting on behalf of the larger coalition and it is essential that we keep the coalition members apprised of key developments.

It would be difficult to overstate the concern regarding the emergence of the tobacco industry sponsored language in the work drafts under consideration. As you know, when originally introduced HB 37 consisted of a six word addition to the authorities of the Department of Health and Social Services ("including smoking education and cessation programs"). This simple change would have accomplished the basic objective of ensuring that the department had an affirmative obligation to address tobacco control while also maintaining flexibility to implement an effective program that appropriately addresses the needs of both youth and adults.

More recently, provisions in the Senate Judiciary Committee work drafts we have seen have been taken directly from legislation drafted by Philip Morris that would narrowly focus tobacco control efforts on youth. Also included were industry recommended provisions that would establish intentionally cumbersome and needlessly bureaucratic planning provisions that would effectively cripple tobacco control efforts. This is clearly the industry's intent, even while they have managed to "package" this deceit quite cleverly within something with superficial appeal.

Philip Morris's efforts to cripple effective state tobacco control efforts have emerged in other states as well and it is not surprising that this should occur in Alaska. Central to this effort is the company's claim that they do not market to kids, are working hard to reduce underage smoking and have no interest in the youth market. But they are lying. No matter what the cigarette companies may say or do, they know they cannot stay in business unless kids smoke. Adults only rarely initiate smoking as acknowledged in Philip Morris' own documents discovered through litigation: "Today's teenager is tomorrow's potential regular customer, and the overwhelming majority of smokers begin to smoke while in their teens." (PM document #1000390803/55).

Smoking is nearly always initiated in the teenage years; however, successful efforts to reduce youth smoking depend upon broad-based comprehensive efforts that address both youth and adult populations. In fact, a youth focus can reliably be expected to backfire by positioning tobacco as a "forbidden fruit" and reinforcing smoking as "only for adults." This message is routinely promoted by the tobacco industry with its consistent official comment: "We believe smoking is an adult decision." They know that the facts are otherwise and the comment is little more than a taunt to youth.

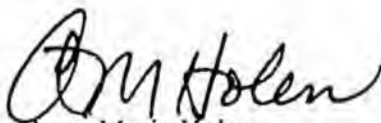
Experience in other states has demonstrated that a narrow focus on youth would be a great mistake. California has led the way in successful efforts to reduce tobacco use. As reported by the California Tobacco Education and Research Oversight Committee, a narrow focus on youth is detrimental to a successful comprehensive program which must also be directed at adults to promote cessation and include efforts to eliminate exposure of non-smokers to second-hand smoke (involuntary smoking). The California Department of Health Services states:

"[I]t is tempting to focus tobacco control efforts primarily on youth. However, this is not the answer... the next generation cannot be 'saved' without changing the generations who have already reached adulthood. Youth smoking will decline when more adults stop smoking." (*A Model for Change: the California Experience in Tobacco Control*, October 1998)

With all of these very substantial concerns in mind, we have reviewed the latest working draft of HB 37 in order to provide some suggestions that we hope will prove useful to you while also ensuring that tobacco control efforts in Alaska will not be compromised by the industry's subterfuge. Please note that the attached comments are only directed at the tobacco control program elements of HB 37.

At the same time, we remain skeptical that the tobacco industry will relent in its efforts. Because of our very serious concerns, we believe that the public health would be better served with no bill rather than one that undermines the tobacco control program efforts we all recognize as so important. As was also discussed last Friday, if the industry persists in trying to sabotage HB 37, we trust that you will withdraw the bill rather than to allow it to proceed any further.

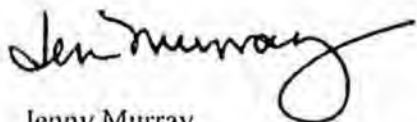
Thank you again for all your hard work on tobacco control issues.



Anne Marie Holen
Alaska Native Health Board



Peggy Spittler
American Heart Association - Alaska Affiliate



Jenny Murray
American Cancer Society,
Northwest Division



Christie McIntire
American Lung Association of Alaska

cc: Commissioner Karen Perdue



AMERICAN CANCER SOCIETY
 FUNDING FOR COMPREHENSIVE,
 SUSTAINED TOBACCO CONTROL PROGRAM
 FROM THE TOBACCO SETTLEMENT

- Funding a comprehensive, sustained tobacco control program should be the *first priority* for use of the funds Alaska will receive from the tobacco industry under the national multi-state settlement. Settlement funds should be used to prevent and treat the tobacco-caused disease and death that gave rise to the litigation in the first instance.
- The Alaska Tobacco Control Alliance, a statewide coalition of health organizations, has identified the *need for \$8.2 million as the minimum level of funding needed* for a comprehensive, sustained tobacco control program based on national "best practices" guidelines and experience from other highly successful state programs such as California and Massachusetts. (*The Alaska Tobacco Control Program: A Plan for the Future*, March 1999.) The national Centers for Disease Control and Prevention recommends a minimum level of funding for Alaska at \$8.1 million/year and a 'high end' recommendation of more than twice that amount.
- Alaska is projected to receive about \$30 million/year from the settlement over the next 25 years (\$816 million). A statewide poll shows **strong support among Alaskans for use of settlement funds for tobacco control – 84% of Alaskans favoring use of at least thirty percent the settlement funds for tobacco control efforts.** State tobacco taxes generate another \$47 million per year.
- Funding of \$8.2 million/year would amount to investing only about *one third* of the State's average annual tobacco settlement payments and roughly *one tenth* of the state's combined annual settlement plus state tobacco tax revenue.
- **Smoking is by far the leading cause of preventable death in the U.S. (420,000 deaths per year) as well as in Alaska.** More than 400 Alaskans die each year from tobacco-related causes. Tobacco-caused disease is especially high among Alaska Natives who suffer 23.2% of smoking related deaths, even while Natives comprise only 16.5% of the state's population. The disproportionate impact of tobacco use on Natives is due to extremely high rates of tobacco use in the Native population (45.1%).
- Even with reduced tobacco use as a result of the increased state tobacco tax, some **14,000 Alaska youth under the age of 18 alive today will become addicted to and die from tobacco-caused illnesses if efforts are not made to reduce tobacco use.**
- **At least one-third of all cancer deaths are due to cigarette smoking.** Respiratory and cardiovascular diseases account for nearly two thirds of tobacco-caused deaths. 7% of perinatal deaths (i.e., infants less than 12 months) are due to smoking from causes including spontaneous abortion, low birth weight and SIDS.
- In Alaska, total *medical expenditures attributable to smoking are estimated at \$154 million per year.* The total *state and federal tax burden* from tobacco-caused health costs in Alaska are estimated at \$70 million per year – a hidden tax of about \$320 per household. These costs are 100% preventable.



AKEELA TREATMENT SERVICES, INC. &
ALASKA COUNCIL ON PREVENTION OF ALCOHOL & DRUG ABUSE

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FAX (907) 258-6052
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www.alaskacouncil.org

4111 MINNESOTA DRIVE • ANCHORAGE, ALASKA 99503

March 10, 2000

Dear Representative Rokeberg:

As a provider of a continuum of substance abuse services ranging from education to prevention to treatment, Akeela understands the importance of strong tobacco control programs. Therefore, I am writing to strongly support not just continued but increased tobacco settlement appropriations for a comprehensive, sustained tobacco control program. Funding for this program should be the Legislature's first priority for the state's tobacco settlement funds, with a generous balance available for other important state programs.

In essence, Alaska received settlement funds to reimburse the state's cost of providing health related services for people affected tobacco. Imagine the extra funds our state would have if we used this settlement money to prevent addiction or to assist with cessation before those costly healthcare issues arise. *Spending money to prevent disease is much more cost effective than spending money to cure disease.*

The medical costs for treating tobacco related illnesses totals \$154 million, yet the state's level of funding is only \$1.6 million. Therefore, Akeela strongly supports the Alaska Tobacco Control Alliance's request for \$2.8 million to fund tobacco related programs for fiscal year 2001. This amount should slowly increase to the requested \$8.2 million recommended by ATCA and supported by the federal Centers for Disease Control and Prevention.

We can help the youth of our state who are not yet addicted to tobacco. Alaskan adults who are already addicted deserve our help in breaking that addiction. And how appropriate it is to use tobacco industry money – the money made off of these victims of that industry – to help our people.

Above all, Alaskans should strive to reduce the suffering inflicted from tobacco-related diseases. Please help your fellow Alaskans achieve that goal.

Sincerely,

Crystal Ross
Prevention Coordinator

Cc: Rep. Con Bunde



ALASKA NATIVE TRIBAL HEALTH CONSORTIUM

Administrative Offices

4141 Ambassador Drive
Anchorage, Alaska 99508
Telephone: 907-729-1900
Facsimile: 907-729-1901

March 8, 2000

Representative Eldon Mulder
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801

Dear Representative Mulder:

I am writing in strong support of continued and increased Tobacco Settlement appropriations for a comprehensive, sustained tobacco control program. Funding the tobacco control program should be the first priority for use of these funds. The Legislature could then appropriate the remaining balance to any program it deems necessary.

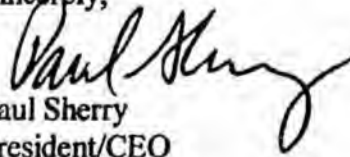
Settlement funds should be used for exactly what they were intended: to reduce and prevent tobacco-related suffering and disease among Alaskans. We need to continue funding this important program. However, \$1.6 million is not adequate funding.

We support the Alaska Tobacco Control Alliance's \$2.8 million request for FY2001. We hope this will slowly allow for an increase in program funding to the \$8.2 million that is recommended by the Alaska Tobacco Control Alliance and supported by the Centers for Disease Control.

When given a legitimate chance, these type of programs work. They have proven to work in California, Oregon, Florida and Massachusetts. They can work in Alaska.

The youth who are not yet addicted and the adult smokers who are addicted to tobacco products deserve to receive tobacco prevention and cessation programs that Settlement money can fund. Medical costs for treating tobacco-related illnesses in Alaska total \$154 million. However, the state's level of funding is only \$1.6 million. The Alaska Tobacco Control Alliance strives to reduce the suffering inflicted from tobacco-related diseases. Please help them help Alaskans to prevent and break their tobacco addiction.

Sincerely,


Paul Sherry
President/CEO

RECEIVED
MAR 13 2000

Cc: Rep. Gene Therriault
Rep. Con Bunde
Rep. Alan Austerman
Rep. Gary Davis

Rep. John Davies
Rep. Ben Grussendorf
Rep. Carl Moses
Rep. Gail Phillips

Rep. Norm Rokeberg
Rep. Bill Williams
Rep. Richard Foster



Check our Website
auroraweb.com/ahec

P.O. Box 100563, Anchorage, Alaska 99510

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MAR 08 2000

March 8, 2000

Members of the House Finance Committee:
Co-Chairs, Eldon Mulder and Gene Therriault
Members, Con Bunde, Alan Austerman, Gary Davis, Richard Foster
Gail Phillips, Bill Williams, John Davies, Ben Grussendorf, Carl Moses
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear House Finance Committee Member:

This letter is on behalf of the Alaska Health Education Consortium to express our consistent support for a comprehensive, sustained tobacco control program funded by the Tobacco Settlement. We support the Alaska Tobacco Control Alliance's \$2.8 million request for FY 2001, which is still far less than the \$8.2 million recommended by the Centers for Disease Control and Prevention.

Last year the Legislature appropriated start-up funds for activities to reduce and prevent tobacco-related suffering and disease in Alaska. However, \$1.4 million is not enough to adequately fund sustained programs throughout the state. Examples of current activities include cessation demonstration projects, public media/education, the development of a quit kit, and training for health care professionals, to name a few. With time, these and other strategies will work, just as they have in California, Oregon, Florida and Massachusetts.

The Alaska Health Education Consortium, a statewide organization committed to promoting health and preventing disease, urges you to fund tobacco prevention and control efforts at the \$2.8 million level.

Sincerely,

Rocky Motnick, Past-President

CC: Representatives Con Bunde and Norm Rokeberg

KGH Recovery Center
126 Washington Street
Ketchikan, AK 99901
(907) 247-4330 Phone
(907) 247-4293 Fax



PeaceHealth

Ketchikan
General Hospital

Dear Rep. Norm Rokeberg;

I am writing in strong support of continued and increased Tobacco Settlement appropriations for a comprehensive, sustained tobacco control program. Funding this program should be the first priority for use of these funds. The Legislature could then appropriate the remaining balance to any program it desires.

Settlement funds should be used for exactly what they were intended: to reduce and prevent tobacco-related suffering and disease among Alaskans. We have started an important program last year, we need to continue this funding, but \$1.4 million is not enough

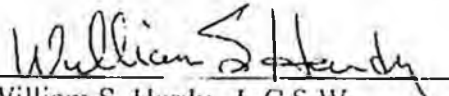
We support the Alaska Tobacco Control Alliance's \$2.8 million request for FY2001. This will slowly ramp program funding up to \$8.2 million recommended by the Alaska Tobacco Control Alliance and supported by the Centers for Disease Control.

When given a legitimate chance, these type of programs work. They have proven to work in California, Oregon, Florida and Massachusetts. They can work here.

The youth who are not yet addicted and the adult smokers who are addicted to tobacco products deserve to receive tobacco cessation programs that Settlement money can fund. Medical costs for treating tobacco related illnesses totals \$154 million yet the state's level of funding is only \$1.6 million.

If there is one thing that we strive to achieve it is to reducing the suffering inflicted from tobacco-related diseases. Please help us help Alaskans to prevent and break their tobacco addiction.

Sincerely,


William S. Hardy, L.C.S.W
KGIIRC Program Manager

RECEIVED
MAR 08 2000

Cc: Rep. Con Bunde

3100 Tongass Ave.
Ketchikan, AK 99901-5794

Tel. (907) 225-5171
Fax (907) 228-8922



Bering Strait Coalition for Prevention
 "Uniting Substance Abuse Coalitions for the Bering Strait Region"

Northwestern Regional Tobacco Prevention & Control Program

March 8, 2000

Dear Representative Eldon Mulder:

I am writing in strong support of continued and increased Tobacco Settlement appropriations for a comprehensive, sustained tobacco control program. Funding this program should be the first priority for use of these funds. The Legislature could then appropriate the remaining balance to any program it desires.

Settlement funds should be used for exactly what they were intended; to reduce and prevent tobacco-related suffering and disease among Alaskans. We have started an important program last year, we need to continue this funding, but \$1.4 million is not enough.

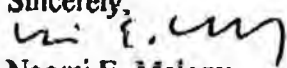
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If there is one thing that we can strive to achieve, it is to reducing the suffering inflicted from tobacco-related diseases. Please help us help Alaskans to prevent and break their tobacco addiction.

Sincerely,


 Naomi E. Malony
 Program Director

Cc: Representative Con Bunde
 Representative Norm Rokeberg

BERING STRAIT COMMUNITY PARTNERSHIP

P. O. Box 1350 - Nome Alaska 99762 - (907) 443-5888; fax 3880; 1-800-478-5888

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 Shishmaref • Stebbins • Teller • Unalakleet • Wales • White Mountain



March 7, 2000

Bristol Bay Area Health Corporation
6000 Kanakanak Road
P.O. Box 130
Dillingham, AK 99576
(907) 842-5201
800-478-5201
FAX (907) 842-9354

Representative Norman Rokeberg
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801

Bristol Bay Area Health Corporation is a tribal organization representing 34 villages in Southwest Alaska:

- Aleknagik
- Chignik Bay
- Chignik Lagoon
- Chignik Lake
- Clark's Point
- Dillingham
- Egegik
- Ekuk
- Ekwak
- Goodnews Bay
- Igiugig
- Iliamna
- Ivanof Bay
- Kanatak
- King Salmon
- Kokhanok
- Koliganek
- Leavelock
- Manokotak
- Naknek
- New Stuyahok
- Newhalen
- Nondalton
- Oisonville
- Pedro Bay
- Perryville
- Pilot Point
- Platinum
- Port Heiden
- Portage Creek
- South Naknek
- Togiak
- Twin Hills
- Ugashik

Dear Representative Rokeberg,

I am writing in strong support of continued and increased Tobacco Settlement appropriations for a comprehensive, sustained tobacco control program. Funding this program should be the first priority for use of these funds. The Legislature could then appropriate the remaining balance to any program it desires.

Settlement funds should be used for *exactly* what they were intended: to reduce and prevent tobacco-related suffering and disease among Alaskans. A vital program was started last year; we need to continue this funding, but \$1.4 million is not enough.

We support the Alaska Tobacco Control Alliance's \$2.8 million request for FY2001. This will slowly ramp program funding up to \$8.2 million recommended by the Alaska Tobacco Control Alliance and supported by the Centers for Disease Control.

When given a legitimate chance, these type of programs work. They have proven to work in California, Oregon, Florida and Massachusetts. They can work in Alaska.

The youth who are not yet addicted and the adult smokers who are addicted to tobacco products deserve to receive tobacco cessation programs that Settlement money can fund. Medical costs for treating tobacco related illness totals \$154 million, yet the state's level of funding is only \$1.6 million.

If there is one thing that we strive to achieve, it is to reduce the suffering inflicted from tobacco-related diseases. Please assist us in helping Alaska Natives to prevent and break nicotine addiction.

Sincerely,
Bristol Bay Area Health Corporation

Cathy Flavin
Health Educator

Cc: Rep. Con Bunde

RECEIVED
MAR 08 2000

*To promote health
with competence,
a caring attitude &
cultural sensitivity*

Johanna Bales

Dept Revenue

Answer Question

HB37



SOUTH EAST ALASKA REGIONAL HEALTH CONSORTIUM
3245 HOSPITAL DRIVE • JUNEAU, ALASKA 99801 • (907) 463-4000

Rep. Norman Rokeberg
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801

Dear Representative Rokeberg,

As a coordinator for Juneau Teens Against Tobacco Use, I am writing in strong support of continued and increased Tobacco Settlement appropriations for a comprehensive, sustained tobacco control program. Funding this program should be the first priority for use of these funds. The Legislature could then appropriate the remaining balance to any program it desires.

Settlement funds should be used for exactly what they were intended: to reduce and prevent tobacco-related suffering and disease among Alaskans. T.A.T.U is working hard to help prevent tobacco use, but we need continue to need funding.

T.A.T.U. needs inancial support to continue our activities, such as The Great Alaskan Smoke Scream, Kick Butts Day Camel Chase, and numerous radio interviews and local health fairs. A well as being involved with the community we also find time to go and teach elementary school kids about the harms of tobacco, and just how to say no to the pressures of smoking.

When given a legitimate chance, these types of programs have shown to be effective. They have proven to work in California, Oregon, Florida, and Massachusetts. They can work here. Please give us the money to do the things that we know will make a difference.

The youth who are not yet addicted and the adult who are addicted to tobacco products deserve to receive tobacco cessation programs that Settlement money can fund. Medical costs for treating tobacco related illnesses totals \$154 million yet the state's level of funding is only \$1.6 million.

If there is one thing that we strive to achieve it is to reduce the suffering inflicted from tobacco-related diseases. Please help us help Alaskans, especially youth, to prevent and break their tobacco addiction.

Sincerely,

Vanessa Glanzer
Vanessa Glanzer

Teens Against Tobacco Use Representative

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



INTERIM:
711 WEST 4TH AVENUE, SUITE 640
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0112

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4068
FAX: (907) 465-2040

Representative Norman Rokeberg

MEMORANDUM

TO: Senator John Torgerson,
Co-Chairman, Senate Finance Committee

FROM: Representative Norman Rokeberg

DATE: April 13, 2000

RE: Scheduling Request: SCS CS HB37B (JUD)

A handwritten signature in black ink, appearing to read "Norman Rokeberg".

I am requesting that SCS CSHB37B (JUD), "An Act relating to restricting sale of cigarettes, to enforcement of certain laws relating to sales of cigarettes, and to smoking education and cessation programs administered by the Department of Health and Social Services," be heard before the Senate Finance Committee .

Attached please find the following:

1. Current SCS CS HB37B (JUD) version of the bill.
2. Sponsor Statement
3. Sectional Analysis
4. Fiscal note
5. List of supporters.
6. March 30, 2000, joint support letter from the American Cancer Society, American Heart Association, American Lung Association and Alaskan Native Health Board.
7. February 11, 2000, American Cancer Society paper, "Funding For Comprehensive Sustained Tobacco Control Program From The Tobacco Settlement."
8. March 10, 2000 support letter from Akeela Treatment Services, Inc. & Alaska Council on Prevention of Alcohol & Drug Abuse.
9. March 8, 2000 Alaska Native Tribal Health Consortium support letter.
10. March 8, 2000 Support letter from Alaska Health Consortium.
11. March 8, 2000 Support letter from Ketchikan General Hospital Recovery Center.
12. March 8, 2000 Bering Strait Coalition for Prevention support letter.
13. March 7, 2000 Bristol Bay Area Health Corporation support letter.
14. March 14, 2000 South East Alaska Regional Health Consortium, support letter.

If you have any questions, please contact me or Tom Manninen in my office.

SENATE FINANCE COMMITTEE

SIGN-IN

HB 37-SMOKING CESSATION AND EDUCATION PROGRAMS

NAME: Elmer Lindstrom Subject/Bill No: HB 37
Co./Dept./Title: Special Assistant / DHSS Phone: 465-1613
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Doug Gardner Subject/Bill No: HB 37
Co./Dept./Title: AAG / huan Phone: 465-3600
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

HB

40

HFIN

FILE

FISCAL NOTE

Bill Version: CSHB 40 (CRA)

(H) Publish Date: 3/26/99

STATE OF ALASKA 1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction)	<u>03/04/99</u>	Dept. Affected	<u>Revenue</u>
Title	<u>Department of Community and Economic Development</u>	BRU	<u>Revenue Operations</u>
Sponsor	<u>Rep. Kohring</u>	Component	<u>Alaska Housing Finance Corporation</u>
Requester	<u>Community and Regional Affairs Committee</u>	Component Serial No.	<u>110</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Sections 15 and 16 update AHFC statutes to reflect the creation of the new Department of Commerce and Rural Development. No fiscal impact or budgetary changes at AHFC are anticipated.

Section 77 describes loan information officers to serve persons who reside outside the major population centers of the state. The loan officers shall be trained in a program administered by the department and approved by AHFC. The aspects of this program are unknown right now, but AHFC anticipates approval can be done with existing staff and budget resources.

Prepared by John Bitney
 Division AHFC
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301
 Date/Time _____
 Date 3/4/99

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COMMITTEE COPY

FISCAL NOTE Bill Vers. #: CSHB 40 (CRA)

(H) Publish Date: 3/26/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected multiple
 Title An Act combining the Departments of Commerce BRU multiple
and Economic Development and Community and Reg Affairs Component multiple
 Sponsor Representative Kohring
 Requester Hs C & RA Committee Component Serial No _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	(189.0)	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	(189.0)	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)

CAPITAL EXPENDITURES	907.7					
----------------------	-------	--	--	--	--	--

CHANGE IN REVENUES (1007)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)
---------------------------	--------	--------	--------	--------	--------	--------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	760.7	(147.0)	(179.1)	(179.1)	(179.1)	(179.1)
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Reciepts	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)	(42.0)
TOTAL	718.7	(189.0)	(221.1)	(221.1)	(221.1)	(221.1)

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	(2)	(2)	(2)	(2)	(2)	(2)
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by Tom Lawson, Director *Tom Lawson* Phone 465-2506
 Division Administrative Services Date/Time 3/24/99 12:42 PM
 Approved by Commissioner Deborah B. Sedwick *Deborah B. Sedwick* Date 3/24/99
 Agency Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION
ANALYSIS: (continued)

BILL NO. HB 40

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for HB 40

HB 40 would combine the Departments of Commerce and Economic Development and Community and Regional Affairs, creating a new Department of Commerce and Rural Development, and would transfer a few programs to other state agencies, including the Departments of Labor and Health and Social Services. No existing programs are eliminated in this legislation. We estimate that it will take twelve to twenty-four months to implement this legislation, including moving staff, merging programs, etc. Following is our best estimate of the fiscal impacts.

Personal Services Savings

This fiscal note shows the estimated savings in staff associated with the merger of DCED and DCRA. This bill may result in the elimination of some administrative support positions. However, during a twenty-four month transition period, no administrative support staff should be eliminated. In fact, administrative workloads will increase because of the merger and transfer of financial and computer systems, personnel issues which will arise, office relocations, and budget development and implementation. Initially, one Commissioner and Executive Secretary will be eliminated in the Commissioner's Office. In addition, the vacant Administrative Services Director will be downgraded to an assistant director, the vacant Tourism Director will be downgraded to a manager, and the Director of the Division of Community and Rural Development (DCRD) will be downgraded to a program coordinator. All DCED and DCRA directors are partially exempt and therefore subject to the State's Personnel Rules. One of the personnel rules requires that when a downgrade occurs, salaries must be matched and if this is not possible, salaries are to be frozen for two years. Consequently, savings on the downgrade of the DCRD director to program coordinator are not shown until FY02. All other staff eliminations or other savings will have to await implementation of this legislation and a comprehensive evaluation by all affected agencies of the impacts. Specific positions which will need to be evaluated in the first 12 months include: a Deputy Commissioner and a Special Assistant to the Commissioner II. In the second year of implementation, administrative support staff in divisions and administrative services personnel will be evaluated for possible elimination. Following is our estimate of personal services savings:

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Eliminate commissioner	\$ (111.2)	\$ (111.2)	\$ (111.2)	\$ (111.2)	\$ (111.2)	\$ (111.2)
Eliminate secretary	\$ (50.2)	\$ (50.2)	\$ (50.2)	\$ (50.2)	\$ (50.2)	\$ (50.2)
Downgrade admin services director	\$ (13.8)	\$ (13.8)	\$ (13.8)	\$ (13.8)	\$ (13.8)	\$ (13.8)
Downgrade tourism director	\$ (13.8)	\$ (13.8)	\$ (13.8)	\$ (13.8)	\$ (13.8)	\$ (13.8)
DCRD director to Program Coord.	\$ -	\$ -	\$ (32.1)	\$ (32.1)	\$ (32.1)	\$ (32.1)
Total Personal Services Savings	\$ (189.0)	\$ (189.0)	\$ (221.1)	\$ (221.1)	\$ (221.1)	\$ (221.1)

Capital Costs

This fiscal note includes a total of \$907.7 for moving/computer/space planning costs as a capital budget item. DCRA and DCED offices in Juneau and Anchorage are consolidated over a period of time with no additional lease costs. Because employees from two departments will be relocated to multiple departments and in order to ensure appropriate management of all moving funds, we have consolidated all moving costs into this fiscal note and recommend that the appropriation for moving costs be made to the Office of Management and Budget.

Moving Costs. While more than 250 employees will ultimately be moved as a result of this legislation, we estimate that funding to cover moving expenses for a total of 125 positions is necessary to accommodate the departmental transfers. Over a period of several years, a total of 147 positions will be moved to the Atwood Building. However, moving costs for the Atwood Bldg were previously appropriated, so no expenses for Atwood Building moves are included in this fiscal note. The Department of Administration, Division of General Services and Supply, has developed a cost per position moving factor of \$6.1. This factor was developed through an analysis of recent office moves in Juneau and Anchorage. Total moving costs for the 125 positions are \$762.5.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 40

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
Fiscal Note Calculations for HB 40

Capital Costs cont'd.

Computer Systems One Time Costs. Money will be needed for computer systems conversions. We estimate that \$120.2 as a one time capital appropriation for FY00-FY05 period will be needed for costs to convert DCRA computers to the DCED system. Costs include server/hub upgrades, software upgrades and license fees. In addition, costs are estimated for separate Child Care Assistance and JTPA offices. It is assumed that programming and conversion tasks will be undertaken with in-house staff. Cabling costs are included in the moving cost estimate. The integration of the separate DCRA and DCED computers will speed public services and improve the ability of the public to access departmental information.

Space Planning & Leasing The Department of Administration, Division of General Services will provide support to the affected agencies. This support will include: enforcing space standards; negotiating lease improvements; and coordinating building modifications with DOT/PF in State owned buildings. \$25.0 for Juneau will be needed to contract for the services of an architect to design office facilities for those employees who will be relocated.

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Move 96 Jno positions at \$6.1 each	\$ 585.6	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Move 29 Anc positions at \$6.1 each	176.9	0.0	0.0	0.0	0.0	0.0
Move subtotal	762.5	0.0	0.0	0.0	0.0	0.0
Computer Systems	120.2	0.0	0.0	0.0	0.0	0.0
Space Design Contract	25.0	0.0	0.0	0.0	0.0	0.0
Total Capital Cost	\$ 907.7	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

HB 40 Space Allocation Worksheet

I. Juneau

Agency/Program	Going From	Going To	Current Office Location			
			9th Fir SOB	DCRA BLDG	Plywood Palace	Vintage Park
Administrative Services	DCRA	Labor		2		
Statewide Services Delivery	DCRA	Labor		7		
Subtotal			0	9	0	0
Commissioner's Office	DCED	DCRD	4			
Commissioner's Office	DCRA	DCRD		6		
Commissioner's Office	DCRA	Deleted		(2)		
Administrative Services	DCED	DCRD	18			
Administrative Services	DCRA	DCRD		18		
Banking, Sec., & Corp.	DCED	DCRD	20			
Insurance	DCED	DCRD	30			
Occupational Licensing	DCED	DCRD	38			
Trade & Development	DCED	DCRD	10			
Tourism	DCED	DCRD	11			
Investments	DCED	DCRD				39
ASMI	DCED	DCRD			10	
Data Processing	DCRA	DCRD		1		
Training and Development	DCRA	DCRD		2		
Statewide Assistance	DCRA	DCRD		5		
Community & Economic Dev.	DCRA	DCRD		5		
Energy Operations	DCRA	DCRD		1		
Head Start	DCRA	DHSS		3		
Subtotal			131	39	10	39

Total 131 48 10 39

Preferred Option

DCRA Programs to 9th Floor SOB	39	(39)		
SSD/Admin Services to Labor		(9)	9	
Occ. Licensing to DCRA Bldg.	(38)	38		
ASMI to DCRA Bldg.		10	(10)	
Net change	1	0	(1)	

Total Number of Positions Moved 96

HB 40 Space Allocation Worksheet

II. Anchorage	Going From	Going To	Current Office Location							
			DCED 7th Flr Frontier	DCED 13th Flr Frontier	AADC Ak Energy Bldg	DCRA Post Office Mall	AIDEA Bldg	APUC Bldg.	ASTF UAA Diplomacy	
JTPA State Office	DCRA	Labor					11			
Statewide Services Delivery	DCRA	Labor					3			
Administrative Services	DCRA	Labor					1			
Subtotal			0	0			15	0	0	0
Child Care Assistance	DCRA	DHSS					9			
Administrative Services	DCRA	DHSS					5			
Subtotal			0	0			14	0	0	0
Commissioner's Office	DCED	DCRD	2							
Administrative Services	DCED	DCRD	1							
Banking, Sec., & Corp.	DCED	DCRD	5							
Insurance	DCED	DCRD		20						
Occupational Licensing	DCED	DCRD	28							
Trade	DCED	Gov	4							
Development	DCED	DCRD	9							
Investments	DCED	DCRD	5						46	
APUC	DCED	DCRD								
ATMC	DCED	DCRD	3							
ASTF	DCED	DCRD								7
AADC	DCED	DCRD			4					
AIDEA	DCED	DCRD						31		
Administrative Services	DCRA	DCRD					7			
Data Processing	DCRA	DCRD					6			
Training & Development	DCRA	DCRD					21			
State Assessor	DCRA	DCRD					2			
Local Boundary Comm	DCRA	DCRD					3			
Community Dev Assistance	DCRA	DCRD					6			
Energy Operations	DCRA	DCRD					25			
Subtotal			57	20	4		70	31	46	7
Total			57	20	4		99	31	46	7

Preferred Option Moves

Atwood Bldg in FY00

Trade staff to Gov's Office	4	(4)								
DCED: Comm.'s Office, Admin Services, BSC, Occ. Lic., Development, Investments	53	(53)								
DCRA: Community Dev. Assist	6						(6)			

Atwood Bldg in FY02

Insurance	20			(20)						
-----------	----	--	--	------	--	--	--	--	--	--

Atwood Bldg in FY06

DCRA: Admin Services, DP, Train. & Dev., State Assess., Local Bound. Comm., Energy Operations	64									(64)
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Atwood Bldg. position move total	147	(57)	(20)				(70)			
----------------------------------	-----	------	------	--	--	--	------	--	--	--

JTPA/SSD/Admin to Labor in FY00	15						(15)			
---------------------------------	----	--	--	--	--	--	------	--	--	--

Child Care Assis/Admin to DHSS in FY00	14						(14)			
--	----	--	--	--	--	--	------	--	--	--

Position move total (non Atwood Bldg)	29						(29)			
---------------------------------------	----	--	--	--	--	--	------	--	--	--

Net Change	176	(57)	(20)	0			(99)	0	0	0
------------	-----	------	------	---	--	--	------	---	---	---

Note: Move totals for the Atwood Bldg. and other offices are separated because moving costs for the Atwood Bldg were previously appropriated.

Personal Services worksheet

FY00/FY01	GF	IA	Total
Eliminate commissioner	82.3	28.9	111.2
Eliminate secretary	37.1	13.1	50.2
Downgrade admin services director	13.8		13.8
Downgrade tourism director	13.8		13.8
Total savings	147.0	42.0	189.0

FY02+	GF	IA	Total
Downgrade DCRD director	32.1		32.1
Eliminate commissioner	82.3	28.9	111.2
Eliminate secretary	37.1	13.1	50.2
Downgrade admin services director	13.8		13.8
Downgrade tourism director	13.8		13.8
Total savings	179.1	42.0	221.1

Calculation of moving costs

The average of \$6,100 is based on costs of Juneau and Anchorage moves of state agencies over the last several years. We have portrayed the costs in terms of both cost per position and costs per square feet.

The following cost categories are typically encountered.

	Average Cost / Position	Average Cost / Sq Ft
A.Move Property	198	1.06
B.Move Phones	239	1.38
C.Move Computers / Networks	656	3.55
D.Move Systems Furniture	1,834	9.94
E.Construct Tenant Improvements	3,166	15.71
Total Estimated Cost	6,093	31.65

Costs are averages based on moves of 10 to 75 positions. Smaller moves will be at a higher unit costs and larger moves at a lower unit cost.

System furniture costs include minor re-configuration and parts purchase. If additional workstations are required costs range from \$4,500 to \$5,000 per workstation.

The Tenant Improvement costs assume only minor building renovations to accommodate new tenants. These costs vary widely depending on the nature of the facility and the needs of the agency.

No costs are included for ADA or other building code requirements. Computer costs include wiring and terminations. No costs are included for hardware or software network compatibility problems.

Computer Networking Costs

New Child Care office:		Cost Est.	Qty	Total
New server for CC, software, etc.	15000	1	\$	15,000
Cabling and wire centers (covered in move costs)	500	10	\$	-
State WAN connection (startup costs)	7000	1	\$	7,000
Intranetware licenses	50	9	\$	450
Subtotal			\$	<u>22,450</u>

New JTPO office:		Cost Est.	Qty	Total
New server, software, etc.	15000	1	\$	15,000
Cabling and wire centers (covered in move costs)	500	14	\$	-
State WAN connection (startup costs)	7000	1	\$	7,000
Netscape Communicator Pro	60	14	\$	840
Intranetware licenses	50	14	\$	700
Subtotal			\$	<u>23,540</u>

DCRA switches to Netware		Cost Est.	Qty	Total
Cabling in Anchorage (covered in move costs)	350	76	\$	-
Intranetware licenses	45	176	\$	7,920
new server for Juneau	9000	1	\$	9,000
new NTW licenses for RAS	100	10	\$	1,000
Netscape Communicator Pro	50	426	\$	21,300
Additional costs for upgrading hubs, etc.			\$	35,000
Subtotal			\$	<u>74,220</u>

Total expenses: \$ 120,210

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 26, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/4/99

The FINANCE Committee considered:

HB 40

HOUSE BILL NO. 40

DEPT OF COMMERCE & RURAL DEVELOPMENT

"An Act combining parts of the Department of Commerce and Economic Development and parts of the Department of Community and Regional Affairs by transferring some of their duties to a new Department of Commerce and Rural Development; transferring some of the duties of the Department of Commerce and Economic Development and the Department of Community and Regional Affairs to other existing agencies; eliminating the Department of Commerce and Economic Development and the Department of Community and Regional Affairs; relating to the Department of Commerce and Rural Development and the commissioner of commerce and rural development; adjusting the membership of certain multi-member bodies to reflect the transfer of duties among departments and the elimination of departments; creating the office of international trade and relating to its duties; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 40 (FIN) the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) OMB fiscal note(s) _____

 zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Gene Therriault</i> Therriault	X			
<i>Jim Kohring</i> Kohring	X			
<i>John Davies</i> Davies			X	
<i>Ben Grussendorf</i> Grussendorf			X	
<i>Paul Moses</i> Moses			X	
<i>John Davis</i> Davis	X			
<i>William Williams</i> Williams			X	
<i>John Foster</i> Foster			X	

CD CHAIR'S SIGNATURE *Gene Therriault*
Therriault

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 40

Revision Date 4/29/99 1:25 PM
 Title An Act combining parts of the Depts of Commerce & Economic Development and Community & Regional Affairs...
 Sponsor Rep. Kohring, et al
 Requester House Finance Committee

Dept. Affected Various
 BRU _____
 Component _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	(355.5)					
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	(355.5)	***	***	***	***	***

CAPITAL EXPENDITURES	200.0	***				
-----------------------------	--------------	------------	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	200.0					
1003 GF Match						
1004 GF	(555.5)					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	(355.5)	***	***	***	***	***

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	-5	***	***	***	***	***
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The primary savings will be in the out years. This fiscal note shows the known personnel cost reductions during the initial implementation year. Further reductions are anticipated after all organizational changes are completed - those will be reflected in the FY2001 operating budget. This fiscal note notes initial capital implementation costs of \$200.0, a very minimal amount for some employee moves to bring units together and necessary changes to computer/telephone configurations; some more would be needed in the second year. Also included is a replacement of \$200.0 in GF with Federal Receipts in Rural Energy. Sec. 78(e) specifies that appropriations are to be transferred with the programs being relocated; all program funding is currently contained within the operating budget. The cost savings shown above are based on the following: A) There will be one fewer Commissioner and Executive Secretary positions. (-158.6); B) The vacant Administrative Services Director position (DCRA) will be deleted. (-116.9); C) Other administrative support costs will be reduced by downgrading or eliminating other positions (-80.0)

Prepared by Danith Watts
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CS FOR HOUSE BILL NO. 40(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES KOHRING, Cowdery, Austerman, Therriault, Harris, Mulder

A BILL

FOR AN ACT ENTITLED

1 "An Act reorganizing certain departments in the executive branch of state
2 government and relating to their duties; eliminating and amending certain duties
3 and programs in the executive branch; adjusting the membership of certain multi-
4 member bodies; and providing for an effective date."

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

6 * Section 1. AS 09.25.110(e) is amended to read:

7 (e) Notwithstanding other provisions of this section to the contrary, the Bureau
8 of Vital Statistics and [,] the library archives in the Department of Education and Child
9 Development [, AND THE DIVISION OF BANKING, SECURITIES, AND
10 CORPORATIONS IN THE DEPARTMENT OF COMMERCE AND ECONOMIC
11 DEVELOPMENT] may continue to charge the same fees that they were [ARE] charging
12 on September 25, 1990, for performing record searches, and may increase the fees as
13 necessary to recover agency expenses on the same basis that was [IS] used by the
14 agency immediately before September 25, 1990. Notwithstanding other provisions of

1 this section to the contrary, the division of banking, securities, and corporations in
2 the Department of Community and Economic Development may continue to charge
3 the same fees that the former Department of Commerce and Economic
4 Development was charging on the effective date of this bill section for performing
5 record searches and may increase the fees as necessary to recover agency expenses
6 on the same basis that was used by the former Department of Commerce and
7 Economic Development immediately before the effective date of this bill section.

8 * Sec. 2. AS 09.65.170(c)(2) is amended to read:

9 (2) "regional development organization" has the meaning given in
10 AS 44.33.895 [AS 44.47.900].

11 * Sec. 3. AS 14.20.165 is amended to read:

12 **Sec. 14.20.165. Restoration of tenure rights.** A teacher who held tenure rights
13 and who was retired due to disability under AS 14.25.130, but whose disability (1) has
14 been removed, and the removal of that disability is certified by a competent physician
15 following a physical or mental examination, or (2) has been compensated for by
16 rehabilitation or other appropriate restorative education or training, and that rehabilitation
17 or restoration to health has been certified by the division of vocational rehabilitation of
18 the Department of Labor and Workforce Development [DEPARTMENT], shall be
19 restored to full tenure rights in the district from which the teacher was retired, at such
20 time as an opening for which the teacher is qualified becomes available.

21 * Sec. 4. AS 14.35.020(b) is amended to read:

22 (b) When required by any of the Acts described in AS 14.35.010, the board shall
23 (1) prepare, submit, and supervise the administration of the plans for
24 vocational education [AND VOCATIONAL REHABILITATION];
25 (2) select a state director of vocational education;
26 (3) establish the minimum qualifications for teachers, supervisors, or
27 directors;
28 (4) determine the prorated basis on which money shall be available for
29 the salary and necessary travel expenses of the state director of vocational education;
30 (5) consider the advice of the Alaska Human Resource Investment
31 Council established by AS 23.15.550 [AS 44.19.620] regarding employment training
32 needs and advise that council in the development of vocational education programs.

1 * **Sec. 5.** AS 14 is amended by adding a new chapter to read:

2 **Chapter 38. Head Start, Child Care, and Day Care.**

3 **Article 1. Head Start.**

4 **Sec. 14.38.010. Operation of Head Start programs.** The Department of
5 Education and Child Development shall operate the head start funding program governed
6 by 42 U.S.C. 9835.

7 **Article 2. Day Care Assistance; Child Care Grants.**

8 **Sec. 14.38.100. Powers and duties.** (a) The department shall

9 (1) implement and administer a program to assist in providing day care
10 for the children of low and moderate income families according to the requirements of
11 AS 14.38.100 - 14.38.199;

12 (2) establish standards of eligibility for day care benefits;

13 (3) contract for the care of children of eligible families;

14 (4) establish procedures to periodically review the needs of families
15 receiving day care benefits;

16 (5) provide notification to the local government body of the request for
17 a contract with a day care facility.

18 (b) The department may

19 (1) adopt regulations necessary for the performance of its duties under
20 AS 14.38.100 - 14.38.199;

21 (2) contract with other entities to perform duties of the department under
22 AS 14.38.100 - 14.38.199 within an area specified by the department; within an area,
23 the department shall give higher priority to contracting with municipalities than with
24 other organizations.

25 **Sec. 14.38.110. Administrative costs of program contractors.** To defray
26 administrative expenses, a contractor under AS 14.38.100(b) may only retain \$1,000 or
27 12 percent, whichever is greater, of the day care assistance program funds it receives
28 from the department under the contract.

29 **Sec. 14.38.120. Conditions of receipt of benefits.** Benefits may be paid for the
30 care of children of a low or moderate income family only if a parent or guardian,
31 because of the day care, is freed to work or to seek work or to attend school. Benefits
32 may not be paid for the care of children of a family where one parent or guardian is not

1 working, actively seeking work, or attending school and is physically and mentally
2 capable of caring for the children.

3 **Sec. 14.38.130. Eligibility of families for benefits.** The department shall
4 determine the eligibility of families for day care benefits on the basis of the following
5 factors:

6 (1) income of the family including salary, alimony, child support,
7 retirement benefits, social security, and any other source of income;

8 (2) number of children in the family;

9 (3) whether there is one parent or guardian solely responsible for the care
10 of the family.

11 **Sec. 14.38.140. Contributions by parent or guardian.** The department shall
12 develop a sliding fee scale based on the factors listed in AS 14.38.130 for purposes of
13 determining the amount to be contributed by the parent or guardian for child care. The
14 contribution of the parent or guardian shall be paid to the day care facility.

15 **Sec. 14.38.150. Placement; payment by state.** (a) Parents or guardians shall
16 select the day care facility for the care of their children.

17 (b) Benefits shall be paid by the department directly to the municipality or
18 organization contracting with the day care facility.

19 **Sec. 14.38.160. Child care grant program.** (a) A child care grant program
20 is established in the department to provide state assistance in the operation of child care
21 facilities. The department shall provide grants for the operation of child care facilities,
22 including private nonprofit child care facilities. Participation in the program is optional.

23 (b) To qualify for a grant under (a) or (d) of this section, the child care facility
24 must

25 (1) be currently licensed under AS 47.35 and applicable municipal
26 licensing requirements;

27 (2) participate in the day care assistance program under AS 14.38.100 -
28 14.38.199; and

29 (3) provide care under a payment system as provided in (g) of this
30 section.

31 (c) A grant under (a) of this section may not exceed \$50 per month for each
32 child the child care facility cares for, or for each full-time equivalent, as determined by

1 the department. The grant shall be adjusted on a geographic basis by the same factor
2 as funding for a school district is adjusted under AS 14.17.460.

3 (d) In addition to the grants provided in (a) of this section, the department may,
4 subject to appropriations for that purpose, provide by grant or contract for the education
5 and training of child care employees or administrators. To receive a grant or contract
6 under this subsection or to participate in a training program under this subsection, the
7 child care facility must meet all the requirements of (b) of this section.

8 (e) An application for a grant under this section shall be made in the form
9 established by the department.

10 (f) A grant under (a) of this section shall be made monthly or quarterly and shall
11 be based on the monthly average daily full-time equivalent enrollment in the child care
12 facility. If the method of payment for the grant is other than monthly, it shall be at the
13 request of the child care facility with the approval of the department. Based on criteria
14 established by the department, the department may make quarterly advance payments.

15 (g) Each child care facility receiving a grant under (a) or (d) of this section shall
16 assure that at least 15 percent or one of its child care spaces receiving subsidy under this
17 section, whichever is greater, will be made available, if requested, to children eligible
18 for day care assistance under AS 14.38.100 - 14.38.199, whose parents or guardians wish
19 to pay for care based on attendance only.

20 (h) The commissioner shall, in consultation with interested child care providers
21 and parents, adopt regulations to carry out the purposes of this section.

22 **Sec. 14.38.199. Definitions.** In AS 14.38.100 - 14.38.199,

23 (1) "child" means a person below 13 years of age, or a minor who has
24 a developmental disability;

25 (2) "child care facility" means an establishment licensed under AS 47.35
26 including but not limited to day care centers, family day care homes, and schools for
27 preschool age children, which provides care for children not related by blood, marriage,
28 or legal adoption to the owner, operator, or manager of the facility;

29 (3) "day care" means the care, supervision, and guidance of a child or
30 children unaccompanied by a parent or legal guardian on a regular basis for periods of
31 less than 24 hours a day;

32 (4) "day care facility" means a center or home licensed in accordance

1 with the provisions of AS 47.35 or recognized by the federal government for the care
2 of children;

3 (5) "department" means the Department of Education and Child
4 Development;

5 (6) "developmental disability" means a disability under which a person
6 is incapable of self-care, as verified by a physician or licensed or certified psychologist
7 who has examined the person.

8 **Article 3. Child Care Facility Revolving Loan Fund.**

9 **Sec. 14.38.200. Child care facility revolving loan fund.** (a) There is created
10 in the Department of Education and Child Development the child care facility revolving
11 loan fund to carry out the purposes of AS 14.38.200 - 14.38.299. Except as provided
12 in (b) and (c) of this section, the fund may not be used for any other purpose.

13 (b) The department may use money in the fund for costs of administering
14 AS 14.38.200 - 14.38.299.

15 (c) On June 30 of each fiscal year, the unexpended and unobligated cash balance
16 of the fund that is attributable to loans owned by the fund lapses into the general fund.

17 **Sec. 14.38.210. Special account established.** (a) There is established as a
18 special account within the child care facility revolving loan fund the foreclosure expense
19 account. This account is established as a reserve from fund equity.

20 (b) The commissioner may expend money credited to the foreclosure expense
21 account when necessary to protect the state's security interest in collateral on loans made
22 under AS 14.38.220 or to defray expenses incurred during foreclosure proceedings after
23 a default by an obligor.

24 **Sec. 14.38.220. Powers and duties of the department in administering the**
25 **fund.** (a) The department may

26 (1) make loans for the construction, renovation, and equipping of child
27 care facilities, including private nonprofit child care facilities;

28 (2) adopt regulations necessary to carry out the provisions of
29 AS 14.38.200 - 14.38.299, including regulations to establish reasonable fees for services
30 provided and charges for collecting the fee; and

31 (3) collect the fees and charges established under this subsection.

32 (b) The department shall

- 1 (1) develop eligibility standards for loans to child care facilities;
- 2 (2) adopt guidelines for the determination of loan terms.

3 **Sec. 14.38.230. Loan terms.** (a) A loan to a child care facility under
4 AS 14.38.200 - 14.38.299 may not exceed \$50,000.

5 (b) The rate of interest charged shall be seven percent a year on the unpaid
6 balance of the loan.

7 (c) The duration for repayment of a loan may not exceed 20 years.

8 (d) All principal and interest payments, and any money chargeable to principal
9 or interest that is collected through liquidation by foreclosure or other process on loans
10 made under AS 14.38.200 - 14.38.299, shall be paid into the child care facility revolving
11 loan fund.

12 (e) If a child care facility ceases operation, any loan to the facility from the fund
13 is due on the date the facility ceases operation.

14 **Sec. 14.38.240. Eligibility for loans.** A child care facility is eligible for a loan
15 under AS 14.38.200 - 14.38.299 if the applicant

16 (1) submits to the department a plan for the use of the loan funds that
17 is approved by the commissioner; and

18 (2) meets additional eligibility standards established by the department
19 under AS 14.38.220(b)(1).

20 **Sec. 14.38.250. Sale or transfer of mortgages and notes.** The commissioner
21 may sell or transfer at par value or at a premium to a bank or other private purchaser
22 for cash or other consideration the mortgages and notes held by the department as
23 security for loans made under AS 14.38.200 - 14.38.299.

24 **Sec. 14.38.260. Disposal of property acquired by default or foreclosure.** The
25 department shall dispose of property acquired through default or foreclosure of a loan
26 made under AS 14.38.200 - 14.38.299. Disposal shall be made in a manner that serves
27 the best interests of the state and may include the amortization of payments over a
28 period of years.

29 **Sec. 14.38.299. Definitions.** In AS 14.38.200 - 14.38.299,

30 (1) "child care facility" means an establishment the principal purpose of
31 which is to provide care for children not related by blood, marriage, or legal adoption,
32 including but not limited to day care centers, family day care homes, and schools for

1 preschool age children;

2 (2) "department" means the Department of Education and Child
3 Development.

4 * Sec. 6. AS 14.42.015(a) is amended to read:

5 (a) There is in the Department of Education and Child Development the Alaska
6 Commission on Postsecondary Education consisting of

7 (1) two members of the Board of Regents of the University of Alaska
8 designated by the members of that body;

9 (2) one person representing private higher education in the state selected
10 jointly by the Boards of Trustees of Alaska Pacific University and Sheldon Jackson
11 College from among their membership;

12 (3) one person representing the Department of Education and Child
13 Development selected by the state Board of Education;

14 (4) four persons broadly and equitably representative of the general
15 public appointed by the governor;

16 (5) one member of the Alaska Human Resource Investment Council
17 established by AS 23.15.550 [AS 44.19.620] designated by the members of that body;

18 (6) one person from the members of the local community college
19 advisory councils appointed by the governor;

20 (7) two members from the legislature, one of whom shall be appointed
21 by the president of the senate and one by the speaker of the house of representatives;

22 (8) one person appointed in accordance with (e) of this section who is
23 a full-time student as defined in AS 14.43.160;

24 (9) one administrator appointed by the governor from a proprietary
25 institution of postsecondary education that has an authorization to operate in the state
26 issued under AS 14.48.

27 * Sec. 7. AS 18.70.081 is amended to read:

28 **Sec. 18.70.081. Approval of fire protection systems.** Before October 30 of
29 each year the Department of Public Safety shall prepare and make available a list of
30 approved fire protection systems to [THE DEPARTMENT OF COMMUNITY AND
31 REGIONAL AFFAIRS,] the Department of Community [COMMERCE] and Economic
32 Development [,] and the public.

1 * **Sec. 8.** AS 23.05 is amended by adding a new section to read:

2 **Sec. 23.05.065. Fees for publications, research data, and other services.** The
3 commissioner may establish by regulation and the department may charge reasonable
4 fees for department publications, research data, and other centralized administrative
5 services to cover the cost of reproduction, printing, mailing, distribution, and other
6 centralized administrative services.

7 * **Sec. 9.** AS 23.05 is amended by adding new sections to read:

8 **Article 6. Business Incentive Training Program.**

9 **Sec. 23.05.400. Business incentive training program established.** (a) There
10 is established in the department the business incentive training program. The incentive
11 program shall be administered as a supplement to the Job Training Partnership Act (P.L.
12 No. 97-300).

13 (b) The purpose of the incentive program is to encourage private industry to
14 provide new job opportunities by offering assistance in training the new work force and
15 in retraining existing employees to implement new technologies.

16 **Sec. 23.05.410. Administration.** (a) The Alaska Human Resource Investment
17 Council established in AS 23.15.550 shall oversee the incentive program. The service
18 delivery areas established under 29 U.S.C. 1511 and subject to redesignation under 29
19 U.S.C. 1515 shall be used in the administration of the incentive program. The private
20 industry councils appointed under 29 U.S.C. 1512 and subject to reconstitution under 29
21 U.S.C. 1515 shall serve as the private industry councils for the incentive program.

22 (b) The council shall divide appropriations for the incentive program equally
23 among the private industry councils. If a private industry council lacks sufficient money
24 to fund a proposal, the private industry council may apply to the council for additional
25 funding. The council may approve reallocation of money from one service delivery area
26 to another to fund a particular proposal if it finds that the reallocation will best serve the
27 purposes of the program.

28 (c) The council shall adopt regulations under AS 44.62 (Administrative
29 Procedure Act) to implement AS 23.05.400 - 23.05.510.

30 **Sec. 23.05.420. Business incentive training plan.** (a) A private industry
31 council shall adopt a business incentive training plan for the service delivery area. The
32 plan must extend for two years to coincide with the term for the Job Training

1 Partnership Act (P.L. 97-300) and must contain

2 (1) identification of the entity or entities that will administer the
3 incentive program and be the grant recipient for grants from the state;

4 (2) a description of the services to be provided, including the estimated
5 duration of service and the estimated training cost per participant;

6 (3) procedures for identifying and selecting participants;

7 (4) performance goals established in accordance with standards under
8 AS 23.05.480;

9 (5) procedures for awarding grants to businesses; and

10 (6) the budget for two program years and any proposed expenditures for
11 the succeeding two program years in as much detail as required by the grant
12 administrator designated under AS 23.05.440.

13 (b) If changes in labor market conditions, funding, or other factors require
14 substantial deviation from an approved business incentive training plan, the private
15 industry council and the appropriate elected municipal official or officials shall submit
16 a modification of the plan and the budget for review under AS 23.05.430.

17 **Sec. 23.05.430. Review and approval of business incentive training plan.**

18 The business incentive training plan shall be published and made available for review
19 and comment as an attachment to the job training plan as set out in 29 U.S.C. 1515.
20 The business incentive training plan is subject to review and approval by the governor.

21 **Sec. 23.05.440. Business incentive training grants.** (a) Each private industry
22 council shall designate an administrative entity to be the grant recipient and
23 administrator for the region. An employer may apply to the grant administrator for a
24 business incentive grant if the employer is a private for-profit or nonprofit corporation,
25 partnership, or sole proprietor business. The grant administrator shall review
26 applications and award grants.

27 (b) Each grant administrator is responsible for the allocation of funds and the
28 eligibility of those enrolled in its programs. The grant administrator is responsible for
29 taking action against its subcontractors, subgrantees, and other recipients to eliminate
30 abuses in the programs they are carrying out, and to prevent misuse of funds. If the
31 arrangement is included in an approved job training plan, a grant administrator may
32 delegate the responsibility for determining eligibility under reasonable safeguards,

1 including provisions for reimbursement of costs incurred because of erroneous
2 determinations made with insufficient care.

3 (c) A business incentive training grant shall be used to recruit and train eligible
4 employees for newly created permanent or permanent seasonal positions or to enable
5 existing employees to acquire the skills necessary to qualify the employee to implement
6 new technologies. A business incentive training grant may be used for occupations for
7 which there is a demand in the area served or in another area to which the participant
8 is willing to relocate and for emerging technologies in the state. In selecting recruiting
9 and training programs, the private industry councils and the grant administrators may
10 consider whether the occupation in which recruiting or training is sought is in a sector
11 of the economy that has a high potential for sustained demand or growth.

12 (d) Only individuals eligible under the business incentive training plan and
13 residing in the service delivery area may be participants in employment and training
14 activities funded under the business incentive training program. To be eligible for
15 training or education services under AS 23.05.400 - 23.05.510, immediately before
16 beginning training or education under the program a person shall

17 (1) have been unemployed and

18 (A) receiving unemployment insurance benefits; or

19 (B) have exhausted the right to unemployment insurance benefits

20 within the past three years;

21 (2) be liable to be displaced from work within the next six months

22 because of

23 (A) reductions in overall employment within the business;

24 (B) elimination of the person's current job; or

25 (C) a change in the conditions of the employee's job requiring
26 that, to remain employed, the employee must have substantially different skills
27 that the employee does not now possess; or

28 (3) have worked in a position covered by AS 23.20 at any time during
29 the last three years and be ineligible for unemployment insurance benefits because the
30 person

31 (A) was working in a seasonal, temporary, part-time, or other
32 marginal employment;

1 (B) has insufficient qualifying wages because of limited job
2 opportunities; or

3 (C) is employed, but, because the person is underemployed, the
4 person needs employment assistance and training to obtain full employment.

5 (e) Payments to employers for on-the-job training of participants who experience
6 multiple barriers to employment or are eligible under the Job Training Partnership Act
7 (P.L. 97-300) may not average more than 80 percent of the wages paid by the employer
8 to the participant. Payments to employers for on-the-job training of other participants
9 may not average more than 50 percent of the wages paid by the employer to participants.
10 The payments shall be considered to be in compensation for the extraordinary costs
11 associated with training employees for new positions and the lower productivity of the
12 participants.

13 (f) A grant made under the business incentive training program may not be used
14 to duplicate facilities or services available in the area from federal, state, or local sources
15 unless the business incentive training plan establishes that services or facilities under the
16 program would be more effective or more likely to achieve performance goals.

17 (g) A fee may not be charged for placing an individual in or referring an
18 individual to a training program under AS 23.05.400 - 23.05.510.

19 (h) A business incentive training grant may not be awarded to a program that
20 involves political activities.

21 (i) An employer at whose request a participant is offered training shall fulfill the
22 obligation to offer a successful participant in the business incentive training program a
23 position or promotion, as applicable. A participant is considered successful if the
24 participant satisfactorily completes the training program in which the participant was
25 enrolled.

26 **Sec. 23.05.450. Compensation for participants.** (a) A trainee may not receive
27 a payment for training activities in which the trainee fails to participate.

28 (b) An individual in on-the-job training shall be compensated by the employer
29 at the same rates, including periodic increases, as similarly situated employees or
30 trainees and in accordance with applicable law. However, an individual may not be paid
31 less than the state minimum wage under AS 23.10.065 whether or not the individual is
32 exempt under AS 23.10.055 or 23.10.070.

1 (c) An individual employed in activities authorized under the business incentive
2 training program other than on-the-job training shall be paid wages that are not less than
3 the highest of

4 (1) the state minimum wage under AS 23.10.065;

5 (2) the prevailing rate of pay for individuals employed in similar
6 occupations by the same employer; or

7 (3) the prevailing rate of wages under AS 36.05 or 40 U.S.C. 276a -
8 276a-5, if applicable.

9 (d) Allowances, earnings, and paym. to individuals participating in programs
10 under the business incentive training program may not be considered as income in
11 determining eligibility for and the amount of income transfer and in-kind aid furnished
12 under a state program based on need, other than programs under the Social Security Act.

13 (e) Conditions of employment and training must be appropriate and reasonable
14 in light of factors including the type of work, geographical region, and proficiency of
15 the participant.

16 (f) An individual employed in a subsidized job under the business incentive
17 training program shall be provided benefits and working conditions at the same level and
18 to the same extent as other employees working a similar length of time and doing the
19 same type of work.

20 (g) Money from a grant under the business incentive training program may not
21 be used for contributions on behalf of a participant to retirement systems or plans.

22 **Sec. 23.05.460. Reporting and record keeping.** (a) A grant administrator shall
23 maintain records of each participant's enrollment in a business incentive training
24 program in sufficient detail to demonstrate compliance with AS 23.05.400 - 23.05.510.

25 (b) The council shall adopt regulations concerning retention of records.

26 (c) The council shall, no later than February 1 of each year, prepare a report
27 concerning the incentive program and notify the legislature that the report is available.

28 **Sec. 23.05.470. Allowable costs.** (a) To be allowable, a cost must be necessary
29 and reasonable for proper and efficient administration of the program. The following
30 costs are not allowable:

31 (1) costs resulting from violations of or failure to comply with federal,
32 state, or local laws and regulations;

- 1 (2) entertainment costs; and
- 2 (3) insurance policies offering protection against debts established by the
- 3 federal government.

4 (b) Personal liability insurance for members of the private industry council is
 5 an allowable cost.

6 **Sec. 23.05.480. Performance standards.** (a) The basic measure of
 7 performance for training programs under AS 23.05.400 - 23.05.510 is the increase in
 8 jobs in the area and in employment and earnings for participants resulting from
 9 participation in the program. In order to determine whether these standards are
 10 achieved, the governor shall adopt standards based on appropriate factors.

11 (b) The governor shall provide technical assistance to programs that do not meet
 12 performance criteria. If a program fails to meet performance standards for two
 13 consecutive years, the governor shall withdraw unencumbered funds from the program.

14 (c) An interested party who is harmed by a change made under this section is
 15 entitled to a hearing under AS 44.62 (Administrative Procedure Act).

16 **Sec. 23.05.490. Limitation on certain costs.** No more than 15 percent of the
 17 money available to a service delivery area for a fiscal year may be expended for the cost
 18 of administration. For purposes of this section, costs of program support, including
 19 counseling, that are directly related to the provision of education or training to
 20 participants may not be counted as part of the cost of administration.

21 **Sec. 23.05.500. Selection of service providers.** (a) The primary consideration
 22 in selecting agencies or organizations to deliver services within a service delivery area
 23 is the effectiveness of the agency or organization in delivering comparable or related
 24 services based on demonstrated performance, in terms of the likelihood of meeting
 25 performance goals, cost, quality of training, and characteristics of participants. In
 26 complying with this subsection, proper consideration shall be given to community based
 27 organizations as service providers.

28 (b) Appropriate education agencies in the service delivery area shall be given
 29 the opportunity to provide educational services, unless the grant administrator determines
 30 that alternative agencies or organizations would be more effective or would have greater
 31 potential to enhance the participants' continued occupational and career growth.

32 (c) The grant administrator may not fund an occupational skills training program

1 unless the level of skills provided in the program is in accordance with guidelines
2 established by the private industry council.

3 **Sec. 23.05.510. Definitions.** In 23.05.400 - 23.05.510,

4 (1) "council" means the Alaska Human Resource Investment Council
5 established in AS 23.15.550;

6 (2) "incentive program" means the business incentive training program
7 established under AS 23.05.400;

8 (3) "participant" means an individual receiving education or training,
9 including on-the-job training, under an incentive program grant.

10 * **Sec. 10.** AS 23.15.010 is amended to read:

11 **Sec. 23.15.010. Administration of vocational rehabilitation [BOARD OF**
12 **VOCATIONAL REHABILITATION].** The commissioner shall [BOARD OF
13 EDUCATION WHICH ADMINISTERS THE PROGRAM OF VOCATIONAL
14 EDUCATION IS DESIGNATED AS THE BOARD OF VOCATIONAL
15 REHABILITATION TO] administer the vocational rehabilitation program.

16 * **Sec. 11.** AS 23.15.020 is amended to read:

17 **Sec. 23.15.020. Powers and duties of commissioner [BOARD].** (a) The
18 commissioner [BOARD] may cooperate with a federal agency, as provided and required
19 by federal law for vocational rehabilitation.

20 (b) The commissioner [BOARD] shall comply with the federal laws and the
21 conditions necessary to secure the full benefit of the federal vocational rehabilitation
22 laws, and shall do all things necessary to entitle the state to receive the benefits of the
23 federal laws.

24 (c) The commissioner [BOARD] may do all the things and adopt the
25 regulations that are necessary to carry out the federal laws and the purposes of
26 AS 23.15.010 - 23.15.210.

27 * **Sec. 12.** AS 23.15.030 is amended to read:

28 **Sec. 23.15.030. Appointment of administrative officers.** The commissioner
29 [BOARD] may appoint administrative officers [,] and delegate to them the authority
30 necessary to carry out AS 23.15.010 - 23.15.210.

31 * **Sec. 13.** AS 23.15.040 is amended to read:

1 **Sec. 23.15.040. Division of vocational rehabilitation established.** The division
2 of vocational rehabilitation is established under the commissioner [BOARD OF
3 VOCATIONAL REHABILITATION] to carry out AS 23.15.010 - 23.15.210.

4 * **Sec. 14.** AS 23.15.050 is amended to read:

5 **Sec. 23.15.050. Director of vocational rehabilitation.** The commissioner
6 [BOARD] shall appoint a director of the division of vocational rehabilitation. The
7 director has the administrative authority delegated by the commissioner [BOARD] and
8 necessary to carry out AS 23.15.010 - 23.15.210 and the regulations and policies adopted
9 by the commissioner [BOARD].

10 * **Sec. 15.** AS 23.15.060(a) is amended to read:

11 (a) The commissioner [BOARD] acting through the division of vocational
12 rehabilitation may enter into necessary agreements on behalf of the state with the
13 Secretary of Health and Human Services to carry out the provisions of the federal Social
14 Security Act, as amended, and as it is subsequently amended, relating to the making of
15 determinations of disability under Title II and Title XVI of that Act.

16 * **Sec. 16.** AS 23.15.070 is amended to read:

17 **Sec. 23.15.070. Personnel policies.** The commissioner [BOARD] shall adopt
18 personnel policies for the division of vocational rehabilitation. The director shall
19 execute these policies and keep them on file.

20 * **Sec. 17.** AS 23.15.160 is amended to read:

21 **Sec. 23.15.160. Gifts.** The commissioner [BOARD] may accept a gift or
22 donation from a public or a private source that is offered unconditionally for carrying
23 out AS 23.15.010 - 23.15.210. The commissioner [BOARD] may accept a conditional
24 gift if, in the judgment of the agency, the conditions are proper and consistent with
25 AS 23.15.010 - 23.15.210.

26 * **Sec. 18.** AS 23.15 is amended by adding new sections to read:

27 **Article 3A. Alaska Human Resource Investment Council.**

28 **Sec. 23.15.550. Alaska Human Resource Investment Council.** (a) The
29 Alaska Human Resource Investment Council is established in the department. The
30 council consists of the following voting members, not to exceed 26:

- 31 (1) the lieutenant governor or the lieutenant governor's designee;
32 (2) the commissioners of community and economic development,

1 education and child development, health and social services, and labor and workforce
2 development, or each respective commissioner's designee;

3 (3) one representative from the University of Alaska;

4 (4) four additional representatives of education, with one from local
5 public education, one from secondary vocational education, one from a postsecondary
6 vocational education institution, and one from adult basic education;

7 (5) four representatives of business and industry, with at least one
8 representative from the private industry councils appointed under 29 U.S.C. 1512 and
9 subject to reconstitution under 29 U.S.C. 1515;

10 (6) four representatives of organized labor that the governor shall appoint
11 from lists of nominees submitted by recognized state labor organizations; the governor
12 may reject a list submitted under this paragraph and request that another list be
13 submitted;

14 (7) at least one representative from an organization representing
15 employment and training needs of Alaska Natives;

16 (8) at least one representative of a community based service organization;

17 (9) at least one representative who has personal or professional
18 experience with developmental disabilities; and

19 (10) at least one and up to five additional members of the private sector
20 to ensure a private sector majority and regional and local representation on the council.

21 (b) Additional nonvoting members may be appointed to the council from
22 government or nongovernment entities.

23 (c) A member of the council under (a) of this section may appoint a designee
24 to serve in place of the member named in (a) of this section. The member shall appoint
25 the designee in writing.

26 **Sec. 23.15.555. Appointment and term of members.** (a) Members of the
27 Alaska Human Resource Investment Council other than those listed in
28 AS 23.15.550(a)(1) and (2) are appointed by the governor and serve at the pleasure of
29 the governor. The governor may appoint one person to fill two or more of the places
30 listed in AS 23.15.550(a) if the person is qualified in all of the areas the person
31 represents. A member appointed to fill more than one place under this subsection is
32 entitled to only one vote and may appoint only one designee to replace the member in

1 the event the member is unable to attend a meeting.

2 (b) The voting members of the council other than those listed in
3 AS 23.15.550(a)(1) and (2) serve for staggered four-year terms and may serve until a
4 successor is appointed. An appointment to fill a vacancy shall be made in the same
5 manner as the original appointment and for the balance of the unexpired term.

6 (c) The governor shall ensure that individuals appointed to the council have
7 sufficient expertise to effectively carry out the duties of the council. Expertise of the
8 council includes, where appropriate, knowledge of the long-term needs of individuals
9 preparing to enter the work force; the needs of local, state, and regional labor markets;
10 and the methods for evaluating the effectiveness of vocational training programs in
11 serving varying populations.

12 **Sec. 23.15.560. Compensation.** Members of the Alaska Human Resource
13 Investment Council listed in or appointed under AS 23.15.550(a), including a designee
14 of a member attending in place of the member, serve without compensation but are
15 entitled to per diem and travel expenses authorized by law for boards and commissions
16 under AS 39.20.180. Nonvoting members of the council appointed under
17 AS 23.15.550(b) serve without compensation and are not entitled to per diem and travel
18 expenses. A commissioner appointed under AS 23.15.550(a)(2) or the commissioner's
19 designee is entitled to per diem and travel expenses as a state employee.

20 **Sec. 23.15.565. Officers.** The Alaska Human Resource Investment Council
21 shall elect a chair and a vice-chair from among the members listed in or appointed under
22 AS 23.15.550(a)(5). The chair and vice-chair serve in their positions at the pleasure of
23 the council.

24 **Sec. 23.15.570. Meetings, quorum, and committees.** (a) The Alaska Human
25 Resource Investment Council shall meet not more than three times in a calendar year at
26 the call of the chair to conduct its business. A majority of the members listed in or
27 appointed to the council under AS 23.15.550(a) constitutes a quorum.

28 (b) The council shall establish an executive committee and four permanent
29 standing committees as described in (c) - (g) of this section. The chair of a permanent
30 standing committee must be from the private sector. The council may establish
31 additional standing committees and special committees or subcommittees, not necessarily
32 consisting of council members, to advise and assist the council in carrying out its

1 functions assigned by federal or state statute. The permanent standing committees are

2 (1) the assessment and evaluation committee;

3 (2) the policy and planning committee;

4 (3) the employment and placement committee; and

5 (4) the workforce readiness committee.

6 (c) The executive committee consists of the chair and vice-chair of the council,
7 the immediate past chair of the council, and the chairs of the four standing committees
8 described in (d) - (g) of this section. The executive committee has the duties and may
9 exercise the powers of the council between meetings of the council. The executive
10 committee shall

11 (1) report to the council in a timely fashion on actions taken on behalf
12 of the council; and

13 (2) supervise the affairs of the council between regular meetings of the
14 council.

15 (d) The assessment and evaluation committee shall

16 (1) assess and evaluate programs, initiatives, and the delivery of services
17 to help to ensure equitable distribution of quality education, training, and employment
18 services statewide, especially to rural areas and to programs serving economically
19 disadvantaged citizens;

20 (2) call for and monitor the workforce development system for increased
21 accountability in performance and continuous quality improvement along the goals and
22 strategies of the council's overall statewide strategic plan for workforce development;

23 (3) use evaluation and performance measures to gauge customer
24 satisfaction within the workforce development system; and

25 (4) perform other duties assigned by the council.

26 (e) The policy and planning committee shall

27 (1) build policies regarding day-to-day operations and long-term
28 responsibilities of the council;

29 (2) work to increase awareness of the council and its mission throughout
30 the state;

31 (3) work with all other committees on a statewide strategic plan for
32 workforce development; and

1 (4) perform other duties assigned by the council.

2 (f) The employment and placement committee shall

3 (1) ensure the statewide strategic plan for workforce development
4 addresses

5 (A) customer needs at the local level;

6 (B) moving welfare recipients into the workforce;

7 (C) promoting the hiring of state residents in jobs that have
8 traditionally been filled by out-of-state workers;

9 (D) tailoring employment and training programs to suit state
10 business, industry, and economic development needs;

11 (2) monitor the coordination of service delivery to promote efficiency
12 and to prevent overlap of services among programs; and

13 (3) perform other duties assigned by the council.

14 (g) The workforce readiness committee shall

15 (1) provide oversight for training, education, and employment programs
16 to ensure the programs are delivering education and training that is relevant to local
17 market needs and the career goals of state residents;

18 (2) build partnerships between employers and quality workforce training
19 programs;

20 (3) work to connect the state public and private education systems with
21 business, government, and labor to ensure that state residents are receiving workforce
22 readiness skills throughout the education process; and

23 (4) perform other duties assigned by the council.

24 **Sec. 23.15.575. Council as state planning entity.** The Alaska Human Resource
25 Investment Council shall act as the lead state planning and coordinating entity for state
26 human resource programs administered under

27 (1) 29 U.S.C. 1501 - 1792b (Job Training Partnership Act);

28 (2) 20 U.S.C. 2301 - 2471 (Carl D. Perkins Vocational and Applied
29 Technology Education Act);

30 (3) 20 U.S.C. 1201 - 1213d (Adult Education Act);

31 (4) 29 U.S.C. 49 - 49I-1 (Wagner - Peyser Act);

32 (5) 42 U.S.C. 681 - 687 (Job Opportunities and Basic Skills Training

1 Program) for needy families with children under the Social Security Act;

2 (6) the employment program established under 7 U.S.C. 2015(d)(4)
3 (Food Stamp Act of 1977);

4 (7) all federal programs designated as successors to the programs listed
5 in (1) - (6) of this section; and

6 (8) all state laws involving employment training, vocational education,
7 workforce development, and community service.

8 **Sec. 23.15.580. Functions of the council.** (a) As the lead state planning and
9 coordinating entity, the Alaska Human Resource Investment Council has responsibility,
10 to the extent authorized by federal and state law, for planning and coordinating federal,
11 state, and local efforts in human resource programs in this state related to employment
12 training, including the work activities of the Alaska temporary assistance program under
13 AS 47.27.

14 (b) The council shall

15 (1) facilitate the development of statewide policy for a coordinated and
16 effective employment training and education system in this state;

17 (2) identify the human resource investment needs in the state and
18 develop a plan to meet those needs;

19 (3) review the provision of services and the use of money and resources
20 by the human resource programs listed in AS 23.15.575;

21 (4) assume the duties and functions of the state councils described under
22 the laws relating to the federal human resource programs listed in AS 23.15.575;

23 (5) advise the governor, state and local agencies, and the University of
24 Alaska on the development of state and local standards and measures relating to
25 applicable human resource programs;

26 (6) submit, to the governor and the legislature, a biennial strategic plan
27 to accomplish the goals developed to meet human resource investment needs;

28 (7) monitor for the implementation and evaluate the effectiveness of the
29 strategic plan developed by the council;

30 (8) adopt regulations that set standards for the percentage of a grant that
31 may be used for administrative costs; the regulations must clearly identify and
32 distinguish between expenses that may be included in administrative costs and those that

1 may not be included in administrative costs; the percentage allowed for administrative
2 costs may not exceed the lesser of 15 percent or the amount permitted under the
3 requirements of a federal program, if applicable;

4 (9) report annually to the legislature, by the 30th day of the regular
5 legislative session, on the performance and evaluation of training programs in the state
6 subject to review under (f) of this section;

7 (10) identify ways for agencies operating programs subject to oversight
8 by the council to share resources, instructors, and curricula through collaboration with
9 other public and private entities to increase training opportunities and reduce costs; and

10 (11) adopt regulations under AS 44.62 (Administrative Procedure Act)
11 to carry out the purposes of AS 23.15.550 - 23.15.585.

12 (c) The council may receive money designated for human resource programs and
13 may disburse money, including grants, to human resource projects in accordance with
14 AS 37.07 (Executive Budget Act). The council may enter into partnership agreements
15 through appropriate administrative agencies with private industry training entities within
16 the state in order to facilitate the coordination of training opportunities.

17 (d) The council shall provide oversight for the planning and coordination of
18 employment-related education training programs operated by the state or operated under
19 contract with the state that are described in (f) of this section. The council shall require
20 a training program listed in (f) of this section to meet the requirements of this
21 subsection. The council shall, by regulation, establish appropriate penalties for programs
22 that fail to meet the requirements of this subsection. The council may recommend to
23 the legislature changes to enhance the effectiveness of the training programs it oversees
24 under this section. A training program described in (f) of this section funded with
25 money appropriated by the legislature must

26 (1) meet the standards adopted by the council concerning the percentage
27 of a grant that may be spent on administrative costs;

28 (2) be operated by an institution that holds a valid authorization to
29 operate issued under AS 14.48 by the Alaska Commission on Postsecondary Education
30 if the program is a postsecondary educational program operated by a postsecondary
31 educational institution subject to regulation under AS 14.48;

32 (3) provide to the Department of Labor and Workforce Development the