

OF THE HB 374 HB 391  
813

# Municipality of Anchorage



PCUCH 6-650  
ANCHORAGE, ALASKA 99502  
(907) 264-4431

GEORGE M. SULLIVAN,  
MAYOR

March 26, 1979

OFFICE OF THE MAYOR

Thelma Buchholdt  
House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Representative *Thelma* Buchholdt:

Under provisions of Section 504 of the Rehabilitation Act of 1973 the U.S. Congress mandated that no otherwise qualified handicapped individual in the United States shall solely by reason of his or her handicap be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The implementation of Section 504 is now being enforced by all Federal Departments. In June of 1978, the U.S. Department of Transportation issued guidelines for enforcement of Section 504 which are predicated on a new definition of a handicapped person. This Federal interpretation is much more liberal than the current definition used by the Municipality of Anchorage for our handicapped program. It will undoubtedly require future expansion of our present program in order for the Municipality to comply with Section 504 guidelines.

Supplemental handicapped transportation (demand responsive, curb to curb service) as set forth by the current Municipality of Anchorage specifications was started January 1, 1977 on a six month contractual trial basis with a budget of \$22,000. Completion of this trial program indicated a strong need for continuing this type of supplemental service. As a result of this demonstration project the program was funded by the Municipality of Anchorage for the remainder of 1977. In 1978, \$75,000 was budgeted for this program and the same amount likewise was budgeted for 1979. To date all funding for this program has come from the Municipality's general fund as opposed to the Senior Citizen Transportation Program which has been heavily funded by State grants.

Ridership for Transportation of the Handicapped Program in 1978 was 13,223. The present operation is sub-contracted to Far North Transportation, Inc. Each handicapped applicant with a supplemental card (issued by the Municipality of Anchorage) is entitled to the use of this service daily between the hours of 7:00 a.m. and 7:00 p.m. Transportation needed for special occasions such as plays, dinners, etc. are available by special request between the hours of 7:00 p.m. and 11:00 p.m. This is a service demand transportation program with a 24-hour advance call for demand response. There is one unit available with a lift for those patrons with wheelchair needs. During the first part of May the Municipality anticipates the delivery of two additional wheelchair lift units. At present there are approximately 350 handicapped supplemental passes issued in the Anchorage area based on the criteria above.

One of the main elements of the handicapped program has been the Municipality's definition of handicapped eligibility, which has used the following criteria:

1. Non-ambulatory disability requiring the use of wheelchairs;
2. Semi-ambulatory disability requiring the use of braces or crutches or other prosthetic devices;
3. Functional blindness.

The Federal government in effect now will require us to expand our definition. The following is an excerpt from the Federal Register, dated June 8, 1979:

Under Section 504 the handicapped person means any person who (1) has a physical or mental impairment that substantially limits one or more major life activities, (2) has a record of such an impairment, or (3) is regarded as having such an impairment. As used in this definition (1) "Physical or mental impairment" means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological, musculoskeletal, special sense organs, respiratory, including speech organs, cardiovascular, reproductive, digestive, genito-urinary, hemic and lymphatic, skin and endocrine, or any mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term "physical or mental impairment" includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech, and hearing impairments, cerebral palsy, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, mental retardation, emotional illness, drug addiction, and alcoholism.

"Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.

"Has a record of such an impairment" means has a history of, or has been classified, or misclassified, as having a mental or physical impairment that substantially limits one or more major life activities.

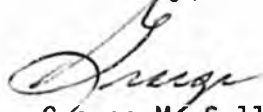
"Is regarded as having an impairment" means has a physical or mental impairment that does not substantially limit major life activities but that is treated by a recipient as constituting such a limitation; has a physical or mental impairment that substantially limits major life activity only as a result of the attitudes of others toward such an impairment; or has none of the impairments set forth in the preceding paragraphs of definition, but is treated by a recipient as having such an impairment.

By altering our Transportation of the Handicapped Program to include all handicapped persons meeting the Section 504 definition, the Municipality of Anchorage expects to quadruple our present ridership. Utilizing Section 504 criteria, it is estimated that in the Anchorage area there is in excess of 6,000 potential handicapped riders. Considering the additional equipment on order as well as the projection of available handicapped riders using the new criteria, the Municipality would need a 1980 budget in excess of \$260,000 in order to maintain the same level of service. We plan to maximize the load

factor and reduce the cost per passenger, which hopefully would reduce the total 1980 budget to approximately \$200,000.

As a result of past discrimination of handicapped persons, and the Federal mandate of Section 504, which requires correction of these discrepancies, the Municipality plans to commit itself to comply with these new regulations and urges the State of Alaska to jointly fund our Transportation of the Handicapped Program with a grant of \$100,000. The Municipality will match this amount. This action will help distribute in an equitable manner State and local government's financial obligation to the handicapped and will enable the program to be partially funded by the State similar to the State's current funding of the Transportation of the Elderly Program. Your legislative support of this proposed joint program is requested.

Sincerely,



George M. Sullivan  
Mayor

# Municipality of Anchorage

## MEMORANDUM

DATE: January 2, 1979  
TO: (Opportunities For The Handicapped Commission  
FROM: Douglas Weiford, Municipal Manager  
SUBJECT: Proposed Definitions of the term "Handicapped"

Listed below are three definitions of the term "handicapped". Please review and discuss the language of each definition and comment with regard to its suitability to the Municipality's transportation program for the handicapped.

1. "Physical Handicap" means any physical disability, infirmity, malformation, or disfigurement which is caused by bodily injury, birth defect, or illness including epilepsy, and includes any degree of paralysis, amputation, lack of physical coordination, blindness or visual impediment, deafness or hearing impediment, or physical reliance on a guide dog for the blind, wheelchair, or other remedial appliance or device.

Source: 6 AAC 30.170(B) (current Alaska Human Rights Commission definition).

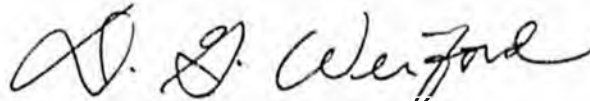
2. "Handicapped" means any person who is unable to use the mass transportation system without special facilities by reason of a physical or mental impairment or disability and has been so certified by a doctor licensed by the State of Alaska.

Source: New.

3. "Handicapped Persons" means those individuals who by reason of illness, injury, congenital malfunction, or other permanent or temporary incapacity or disability, including those who are non-ambulatory wheelchair bound and those with semi-ambulatory capabilities, are unable without special facilities or special planning or design to utilize mass transportation facilities and services as effectively as persons who are not so affected.

Source: 49 USC 609.3 (current UMTA definition).

MUNICIPALITY OF ANCHORAGE

  
Douglas Weiford  
Municipal Manager

DW:JG:ah

Original sponsors: Duncan and Miller

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 374

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to equalizing the costs of full-time  
7 residential or nursing care."

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

9 \* Section 1. AS 47.25 is amended by adding new sections to read:

10 Sec. 47.25.103. CONTRACTUAL AGREEMENTS. (a) The commissioner of  
11 administration shall enter into contractual agreements with licensed  
12 institutions providing full-time residential or nursing care for the  
13 elderly to provide care to Alaska residents eligible under AS 47.25.108.  
14 A contractual agreement under this section shall provide for payment of  
15 the full daily (or monthly equivalent) charges by the institution for  
16 each eligible patient, less the amount charged under AS 47.25.030 for  
17 the equivalent level of care for a patient at the Alaska Pioneers' Home.  
18 The commissioner shall enter into an agreement under this section with  
19 the type of institution that is consistent with an individual's treat-  
20 ment needs.

21 (b) In this section the phrase "institution providing full-time  
22 residential care" means an institution

23 (1) that provides minimum basic care and protective super-  
24 vision of residents of the institution;

25 (2) that does not routinely provide nursing or other medical  
26 services; and

27 (3) that is licensed under AS 47.35.020.

28 Sec. 47.25.108. ELIGIBILITY. A person is eligible to receive  
29 contractual services under AS 47.25.103 if

1           (1) he is eligible for admission into the Alaska Pioneers'  
2 Home under AS 47.25.010 - 47.25.110;

3           (2) he is not eligible for benefits from any source that  
4 would pay for the cost of full-time residential or nursing care;

5           (3) he resides more than 50 miles, by highway, from the  
6 Alaska Pioneers' Home, or he cannot be admitted to the Alaska Pioneers'  
7 Home because the home is full to capacity; and

8           (4) he is at risk of being institutionalized outside of his  
9 community if care is not provided under AS 47.25.103.

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Name	Address and Phone	Organization/Self	For/Against or Observing
1/ Duncan (Joyce?)			
2/ Com. Helen Bevins		H&SS	
3/ Sue Green		Administrative	
4/			
5/			
6/			
7/			
8/			
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FISCAL NOTE

I. REQUEST

Bill/Resolution No. H.B. 374

Title An Act relating to providing for full-time residential care for Pioneer Alaskans

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration

Program Category Affected Social Services

BRU, Program, or Subprogram(s) Affected Pioneers' Homes

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		0	0	0	(costs are assumed	
200 TRAVEL		6.5	7.2	7.9	to increase at the	
300 CONTRACTUAL		263.1	289.4	318.3	same rate.)	
400 COMMODITIES		3.8	4.1	4.5		
500 EQUIPMENT		7.0	0	0		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		12,640.3	14,599.6	16,862.5		
<b>TOTAL</b>		<b>12,920.7</b>	<b>14,900.3</b>	<b>17,193.2</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND	12,920.7	14,900.3	17,193.2		
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME	4	4	4		
PART TIME	7	7	7		
TEMPORARY					

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

Administrative costs were determined based on the assumption that the Department of Administration would have an RSA with the Department of Health and Social Services to provide the administrative support (See attachment A).

IV. DATE 3/10/80

PREPARED BY George J. Michael D. Michael  
AGENCY Administration

PHONE 465-4401

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

ATTACHMENT A  
H.B. 374  
Personal Services

(1) Assumption: The costs are based upon the Department of Administration having an RSA with the Department of Health and Social Services to provide the administrative support. In order to provide this support it will require the following personnel:

Medical Surveillance Officer	(1/2)	\$ 17,503
Central Office Coordinator	(1)	32,538
Fiscal Compliance Auditor	(1)	32,538
Social Worker	(1/2)	12,210
Social Worker	(1/2)	12,210
Social Worker	(1/2)	12,210
Social Worker	(1/2)	12,210
Social Worker	(1/2)	12,210
Social Worker	(1/2)	12,210
Administrative Assistant II	(1)	24,420
Clerk Typist III	(1)	<u>16,856</u>
Subtotal		\$197,115
Benefits: 21% plus \$127 per month/person		<u>58,158</u>
Total FY 81		\$255,273
Total FY 82		\$280,800
Total FY 83		\$308,830

Inflation of 10% per year is assumed.

ATTACHMENT B

H.B. 374

Schedule of Costs for Residential & Nursing Care

The potential population of people in Alaska over 65 years of age is estimated to be approximately 12,000 people. However, not all these people would qualify under the eligibility requirements of H.B. 374, particularly the 15-year residency. The total number of people which would be eligible is approximately 10,000.

National statistics indicate that 5% of this population will need nursing care and 9% will need some sort of alternative care. Alaskan experience is somewhat higher due to inclement weather and the fact that more elderly Alaskans are not able to benefit from having a family nearby. A figure of 8% is more realistic for nursing care and 12% for residential care.

Presently 644 people are receiving nursing care from privately operated or municipal facilities and 154 are in Pioneers' Homes, for a total of 798 people presently receiving nursing care. Two hundred eighty-eight people are currently receiving residential care in Pioneers' Homes.

Eight percent of 10,000 eligible people equals 800 people. Seven hundred ninety-eight people are presently receiving nursing care, which indicates that substantially all people needing nursing care are receiving that care through some means.

Twelve percent of 10,000 people equals 1,200 people. Two hundred eighty-eight people are presently receiving residential care in the Pioneers' Homes. The number of needy persons receiving residential care in private homes is not known, but it is presumed to be negligible. Therefore, it is believed that 912 eligible people could benefit from residential care in Alaska.

The rates for nursing and residential care as provided by the Department of Health and Social Services averaged \$2,670 per month per person for nursing care and \$1,000 per month per person for residential care.

The above figures are based on present experience. It is believed that need will grow at approximately 5% per year due to the following:

1. More elderly people will be retiring in Alaska in the future due to improvements in services and benefits to the elderly.
2. H.B. 374 will make it possible to obtain care which has not been available in the past due to economic hardship.

Therefore, a 5% per year growth rate is projected.

Additional Cost of H.B. 374

Residential Care

FY 81	912 people x 105% x \$1,000 x 12 + 10% inflation = \$12,640,320
FY 82	FY 81 + 5% increased need + 10% inflation = \$14,599,569
Fy 83	FY 82 + 5% increased need + 10% inflation = \$16,862,501

POSITION PAPER  
ON  
HOUSE BILL NO. 374

"An Act relating to equalizing the costs of full time residential or nursing care."

House Bill 374 amends the statutes to allow the Commissioner of Administration to enter into contracts with private residential and nursing care providers to purchase services for certain senior Alaskans who are eligible for Pioneer Home benefits. These eligible persons must meet:

1. All eligibility requirements for admission into the Alaska Pioneer Homes, including being age 65 or over and having at least 15 years of continuous Alaska residency immediately prior to admission;
2. Are not eligible for benefits from any sources (including Medicare, Medicaid or private medical insurance) that would pay for the cost of full-time residential or nursing care; and
3. Do not reside less than 50 highway miles from a Pioneer's Home that has bed space available and could admit the individual.

The Department of Administration would pay for the fees charged by the facility less the monthly contribution of \$225-\$250 that pioneers are required to contribute if they are able to pay towards their cost of care.

#### General Overview

Most social scientists, health professionals, and seniors themselves acknowledge the advantage of keeping older persons in their communities and preferably in their own homes. Remaining in the community, even in cases of where the person is in an institution, enhances the senior's morale and provides security of familiar settings and being close to family and friends. Too often in Alaska seniors are not given the choice of remaining in their home community when they become in need of medical or social support services, because the services they need are often unavailable or unaffordable. House Bill 374 would increase the access to residential and nursing home care for certain pioneer Alaskans who were unable to receive them from the Pioneer's Home Program due to unavailable bed space in a Pioneer's Home facility within 50 highway miles from the person's home community.

#### Discussion Items

1. There are many pioneers living in communities outside of the towns where Pioneer's Homes are located. In some cases such as in Juneau and Bethel, there are facilities with available bed capacity which could provide the care that these pioneers need. Presently, the

Pioneer's Home Program is limited to the provision of care only on Pioneer Home facilities and the program is not designed to purchase care from local community resources. Relocation of seniors to a Pioneer's Home in a different community at this time in the older person's life may cause a hardship on the patient, as well as his/her family.

2. There are many pioneers, as well as other seniors, who are financially unable to pay for the purchase of care in a local facility. Costs of residential care can sometimes run from \$800-\$1,200 a month, while nursing home care costs are considerably higher at \$1,500-\$4,000 a month. Senior pensions of over \$625 a month are inadequate to purchase the care, but make the person financially ineligible for coverage by Medicaid or other public assistance programs.
3. Insurance coverage for residential or nursing home coverage is extremely limited. Most policies, if they cover nursing care services, at all limit coverage to 30 days of care. Also, the care generally must be necessary in place of more costly hospital care services. Residential care, since it generally does not include medical services, is not reimbursable by virtually all insurance and assistance programs to our knowledge (including Medicaid and Medicare).
4. The Department of Health and Social Services has experienced a few cases this fiscal year of pioneers who are eligible for Pioneer's Home admission, but are in need for specialized or intensive medical care that is unavailable at the Pioneer's Homes facility. These persons who are determined "too sick" to be appropriately placed in Pioneer's Homes are currently receiving care in private nursing facilities. Often the person's resources are inadequate to cover the nursing home bill, yet they are over income to be eligible for public assistance. The bill would have to be amended to allow coverage of these individuals.
5. House Bill 374 provides for the Department of Administration to base reimbursement rates on the fees charged. Our experience through Medicaid, General Relief-Medical, and Social Services programs has found that providers often charge amounts in excess to their actual allowable costs under the program. Also, allowing fees charged by providers to be reimbursable would provide no incentive for cost containment by the residential and nursing care facilities. We would recommend the Committee consider linking the rates paid under H.B. 374 to the state fees allowed under Medicaid for nursing homes or under the Division of Social Services for residential care.
6. The legislature is currently considering the passage of the Older Alaskan's Commission through H.B. 618 and S.B. 328. This Commission was designed to address these long range aging issues. It may be

appropriate, in light of the significant change of direction of H.B. 374, to reserve judgement until such a issue could be formally addressed by the Commission and/or Governor's Advisory Committee on Aging and Pioneer's Home Board.

- 7. In many areas of Alaska, especially in the remote ones, pioneers may still be required to leave their communities to receive care even if H.B. 374 were passed. Residential care and nursing home services are generally only available in urban areas and rural regional centers. This bill, though, may serve as an important catalyst to encourage private enterprise to develop facilities in those areas in the future by providing an important source of continuing revenue to pay for operating expenses.

Department's Position

The Department of Health and Social Services recognizes the need addressed in House Bill 374 and is supportive of the concept of increasing the availability of services to permit seniors to remain in their local communities.

Approved by:



Helen D. Beirne, Commissioner  
Department of Health and Social  
Services

3/11/80  
(TE)

NURSING HOMES

CENSUS: January 1980

	Current Rate		Certified Capacity			Current Occupancy				% Occupancy of Total Beds			
	ICF	SNF	ICF	SNF	Total	Medicaid DPA* Placements		Non-DPA Placements		Current Vacant Census	Beds	Overall	Medicaid
						ICF	SNF	Medicare	Other***				
Seage House (Anchorage)	55.00		101**		101	37	0	0	2	39	62	39%	37%
Seage North (Fairbanks)	84.50	93.00	101		101	52	24	0	2	78	23	77%	75%
Ordova Hospital L.T.C.	<del>135.68</del>		8		8	4	0	0	1	5	3	63%	50%
etchikan Hospital L.T.C.	73.31		48		48	37	0	0	1	38	10	75%	77%
akoyia (Anchorage)	103.00	125.00	116**	100	216	39	99	0	6	144	72	67%	64%
orton Sound Hosp. L.T.C. (Nome)	100.00		6**		6	6	0	0	0	6	0	100%	100%
etersburg Hosp. L.T.C.	51.30	57.00	12		12	7	1	0	2	10	2	83%	67%
uth Peninsula Hosp. L.T.C. (Homer)	108.00		4		4	3	0	0	0	3	1	75%	75%
St. Ann's (Juneau)	<del>126.56</del>		45		45	23	4	1	3	31	14	69%	60%
alley Hospital L.T.C. (Palmer)	104.85		6		6	3	0	0	0	3	3	50%	50%
rangell Hospital L.T.C.	75.00	82.50	14		14	13	0	0	1	14	0	100%	93%
esleyan (Seward)	52.00		64		64	49	0	0	5	54	10	84%	77%
odiak Hospital L.T.C.	100.00		19**		19	8	0	0	0	8	11	58%	53%
TOTAL			544	100	644	281	128	1	23	433	211	67%	64%

ICF Certified Capacity means that all beds are certified for both SNF and ICF unless otherwise noted.

\* includes GR Medical placements  
\*\* beds are certified for ICF only

*Rod Betit* 2/20/80  
Rod Betit, Director Date  
Division of Public Assistance

Last year interest in this bill was one of several factors influencing the development of the Interim Committee on Elderly Services. As you are aware, one of the major recommendations of that interim work has been the legislation to establish the Older Alaskans Commission. Because we believe HB 374 to represent a significant change in direction for the Pioneers' Home Program, as originally designed by the Legislature, we believe that it deserves review and recommendation from the Pioneers' Home Board and Commission. Thus we first urge passage of the Older Alaskans Commission bill now in House Finance Committee.

The concept of dollars following the person eligible for entrance to a Pioneers' Home is not altogether undesirable, but it is fraught with several concerns that suggest it should be addressed in a comprehensive approach.

The program for the elderly are all creatures of the Legislature and can, of course, take new directions as desired by the Legislature. We would, however, urge an orderly approach to the new directions of services such as would be more readily available to you through the work of the Pioneers' Home Board and Commission during the next year or two.

A question must be raised regarding priorities when a bill with expensive price tags is addressed. As I read the testimony collected across the State by the Interim Committee on Services to the Elderly, high priority goes to finding a mechanism to assist the elderly and disabled who "fall through the cracks" of existing services and assistance programs, providing more home and health aide services to all elderly citizens, not just those meeting Pioneers' Home Program qualifications.

If there is sufficient need to address the need of clients for whom HB 374 was designed prior to the establishment of the Commission and a comprehensive review, then we would recommend a less costly and more efficient approach through HB 781. The approach would be more efficient because the administrative framework and expertise exist in Health and Social Services and the Catastrophic Illness statute to which HB 781 applies is a logical vehicle. Further, the benefits would address a broader base of clients, not just pioneers.

Thus, the Department of Administration would urge (1) passage of HB 618 and the establishment of the Commission for planning and recommending the future direction of elderly services, (2) involvement of the Pioneer Home Board with the Commission in that review and planning, and (3) if an interim measure is needed, the passage of HB 781 to cover both pioneer and other elderly clients.

*from Sue Green*

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H.B. 374  
 Title An Act providing for full-time residential care for Pioneer Alaskans  
 Requested by Representative Buchholdt Date 3/18/80

II. FISCAL DETAIL

Agency Affected Administration  
 Program Category Affected Social Services  
 Budget Request Unit(s) Affected Pioneers' Homes

EXPENDITURES (Thousands of Dollars)

	FY80	FY81	FY82	FY 83	FY 84	FY85
100 PERSONAL SERVICES					(costs are assumed to	
200 TRAVEL					increase at the same	
300 CONTRACTUAL		2,983.0	2,857.5	3,285.7	rate)	
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		2,983.0	2,857.5	3,285.7		

FUNDING (Thousands of Dollars)

	FY80	FY81	FY82	FY 83	FY 84	FY85
GENERAL FUND		2,983.0	2,857.5	3,285.7		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY80	FY81	FY82	FY 83	FY 84	FY85
FULL TIME		4	4	4		
PART TIME		3	3	3		
TEMPORARY						

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

This fiscal note is based on initiation of a pilot project which would serve Southeastern Alaska only and provide for residential care only. In a recent review of need for skilled nursing care, it became apparent that substantially all of the elderly people in Alaska who need nursing care are receiving that care through some means, although there were a few cases where the person had some sort of difficulty financially in paying for necessary services. These cases generally fell into the category of having too much income to qualify for state or federal assistance, but not enough income to fully cover cost of services where special or intensive care is necessary.

(continued)

IV. DATE 3/17/80 PREPARED BY George I. Michael  
 AGENCY Administration  
 PHONE 465-4401

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) Representative Duncan  
 Office of the Governor, Keith Specking

33-001 (Rev. 10/78)

## Rationale for Determining Costs for Residential Care

The population of people in Southeastern Alaska over 65 years of age is estimated to be approximately 2,207 people. However, not all these people would qualify under the eligibility requirements of H.B. 374, particularly the 15-year residency. The total number of people which would be eligible in Southeastern Alaska is approximately 265.

These figures were arrived at by analyzing the statistics of an existing program for the elderly, the Alaska Longevity Bonus Program. February 1980 recipients of the Longevity Bonus were 2,006 in Southeastern Alaska, and 5,736 for the balance of the state. This gives a baseline of data which indicates that 26% of the state's total population over 65 have resided in Southeastern Alaska continuously for at least 25 years, the minimum for eligibility for the Alaska Longevity Bonus. This is twice the average of the population of all ages, which is 5,400 in Southeastern to 362,000 for all the rest of the state, according to most current statistics of the Department of Labor.

The minimum length of continuous residence in Alaska to be eligible for benefits under H.B. 374 is only 15 years. Therefore, it is assumed that the percentage of eligible population would be approximately 10% higher than the Longevity Bonus statistics, or 36% of the people 65 years of age and older residing in the state because of the lesser residency requirements. This is considered to be a conservative figure, since not all people over 65 and eligible have applied for and receive the Longevity Bonus.

National statistics indicate that 9% of the population 65 and older will need residential or alternative care. Alaskan experience is higher due to more inclement weather and the fact that more elderly Alaskans are not able to benefit from having a family nearby to assist them. A figure of 12% is more realistic.

Ten percent added to 2,006 (Longevity Bonus recipients) equals 2,207 people. Twelve percent of 2,207 elderly people equals 265 people. Sixty-seven residents are presently being cared for in the Sitka Pioneers' Home and a nominal amount in other facilities. Beginning approximately January 1, 1982, fifteen to twenty residents will be cared for at the Ketchikan Pioneers' Home.

Rates for residential care average \$1,000 per month per person, according to the Department of Health and Social Services.

The above figures are based on present experience. It is believed that need will grow at approximately 5% per year due to the following:

1. More elderly people will be retiring in Alaska in the future due to improvements in services and benefits to the elderly.
2. H.B. 374 will make it possible to obtain care which has not been available in the past due to economic hardship.

Therefore, a 5% per year growth rate is projected.

### Cost of Residential Care

FY 81	265 people less 67 people (cared for at Sitka Pioneers' Home) x 105% x \$1,000 x 12 months + 10% inflation = \$2,744,280
FY 82	FY 81 less 10 people (20 people cared for at Ketchikan Pioneers' Home for 6 mo.) + 5% increased need x \$1,000 x 12 mo. + 10% inflation = \$2,605,680
FY 83	FY 82 + 5% increased need + 10% inflation = \$3,009,560

Personal Services Costs

	<u>No. of Positions</u>	
Medical Surveillance Officer (R19)	1/2	\$ 16,467
Program Coordinator (R21)	1	37,890
Fiscal Compliance Auditor (R18)	1/2	15,315
Social Worker (Juneau) (R16)	1	26,538
Social Worker (Ketchikan) (R16)	1/2	13,269
Administrative Assistant II (R14)	1	23,070
Clerk Typist III (R8)	1	<u>16,020</u>
Subtotal Salaries		\$148,569
Benefits: 21% of salaries plus \$127/mo. per person		<u>\$ 39,581</u>
Total FY 81 Salaries & Benefits		\$188,150
Total FY 82 Salaries & Benefits		\$203,876
Total FY 83 Salaries & Benefits		\$223,416

Salaries are computed in accordance with the State's new salary schedules (C.S.S.B. 182) for the period July 1, 1980, through December 31, 1981. Inflation of 10% per year is assumed for salaries after December 31, 1981.

Other Program Costs

FY 81 Costs

Travel:	\$ 29,872
This would fund travel for one full-time social worker in Juneau and one half-time social worker in Ketchikan. These workers would travel to all cities and villages with a population of at least twenty-five persons where assistance is needed in relation to this program. Travel is also needed for the program coordinator. Travel between Juneau and the larger cities would be needed at the outset of the program and thereafter once a year (Yakutat, Sitka, Petersburg, Wrangell, Ketchikan) in monitoring the program.	
Contractual Services:	\$ 11,000
Office and program operating expense, such as telephones, postage, copying, printing, etc., for the staff of two full-time and five part-time personnel. Only a small allowance is included for office space under the assumption that most personnel would be operating in already existing state office space.	
Commodities:	\$ 2,700
Office supplies for office and field staff.	
Equipment:	\$ 7,000
Initial outfitting of new positions with office furnishings and equipment.	

If H.B. 374 is approved and the Department of Administration is funded for this pilot project, it is proposed to RSA these funds to the Department of Health and Social Services, for the staff to be their staff, and for them to operate the program. This program fits precisely into the type of social services programs operated by that department.

Ten percent inflation is included in "other" program costs for years beyond FY 81.

Honorable Chair Person & Committee members

9 yrs CW Sup. 15 PIS  
3 yrs Circuit SW 15 PIS  
8 yrs Dir AHAAS  
Bel for in 3 month  
7 P. 1/2 day

Subject: HB 374 Today 1:00 Room 112 Capitol Building

The passage of this Bill into law will enable many older persons to remain in their own homes as long as possible and help to hold families together.

For 8 years, I was Director of Alaska Homemaker-Home Health Aide Service. Our basic funding originally was from the Older American's Act, Office of Aging. In 1974-75, this agency served statewide 253 older Alaskans. By age groups there were

Age	Number
55-60	12
60-65	20
* 65-70	131
70-75	25
75-80	18
80-85	20
85-90	12
90-95	10
95-100	2
100-113	3
	<hr/> 253

D. Duncan -  
H. Pigeon - H455  
Elice - Admin  
Sethwana - Ketchikan  
Strickland - Anch

With a combination of quality homemaker-home health aide service and local nursing homes re-imburse from the pioneer fund, Senior Alaskans can remain in their own homes & own communities



as long as possible. This plan would be less burdensome  
for human beings; and, per person, less expensive  
for government.

FISCAL NOTE

I. REQUEST

Resolution No. House Bill 374  
 e "An Act providing for full-time residential care for Pioneer Alaskans."  
 Requested by Representative Jim Duncan Date March 25, 1980

II. FISCAL DETAIL

Agency Affected Administration  
 Program Category Affected Social Services  
 BRU, Program, or Subprogram(s) Affected Pioneers' Homes  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		674.8	1,323.9	1,518.1	1,738.1	1,987.4
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		674.8	1,323.9	1,518.1	1,738.1	1,987.4

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		674.8	1,323.9	1,518.1	1,738.1	1,987.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		2	2	2	2	2
PART TIME		1	1	1	1	1
TEMPORARY						

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

This fiscal note is based on initiation of a demonstration project which would serve Southeastern Alaska only and provide for residential and nursing care of those who are eligible to enter Pioneer's Homes under AS 47.25.010-110, are not eligible for benefits from any source that would pay for the cost at full-time residential and nursing care, who reside more than 50 miles from the Alaska Pioneer's Home, and do not wish to enter the Pioneers' Home.

The number of elderly Alaskans who would benefit from this bill is unknown at the present time. The Department of Health and Social Services has some indication that some need exists, but cannot quantify that need.

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

Prepared by: George Michael Date: March 25, 1980  
 Division/Office: Pioneers' Home PH: 465-4401  
 Department of Administration

## Residential Care

This demonstration project would verify the scope of need, and develop residential care capability in the private sector where virtually none now exists in Southeastern Alaska.

This fiscal note is based on the assumption that only seven (7) slots would be developed during FY 81, that twice that number of slots would be available and utilized during FY 82, and that the number of slots would increase by five (5) per year after FY 82.

Rates for residential care average \$1,000 per month per person in FY 80. One thousand dollars, less \$225 per month payable by the recipient under AS 47.25.030 would result in a net cost to the State of \$775 per month per person.

Inflation at the rate of 10% per year is included throughout this fiscal note.

### Cost of Residential Care

FY 81	7 slots X \$775 X 12 mo. + 10% inflation	=	\$ 71,610
FY 82	14 slots X \$853 X 12 mo. + 10% inflation	=	157,634
FY 83	19 slots X \$938 X 12 mo. + 10% inflation	=	235,250
FY 84	24 slots X \$1,032 X 12 mo. + 10% inflation	=	326,938
FY 85	29 slots X \$1,135 X 12 mo. + 10% inflation	=	434,478

## Nursing Care

Based on statistics of the Department of Health and Social Services, a total of 23 vacant nursing beds are available in Southeastern Alaska at the present time. It is assumed that one-half of these beds would be filled in FY 81, and all 23 would be filled by FY 82.

The average cost for nursing care in FY 80 is \$3,422 per month per person. Three thousand four hundred twenty-two dollars, less \$275 per month payable by the recipient under AS 47.25.030 would result in a net cost to the State of \$3,147 per month per person for FY 81. It should be noted that overall cost of care in the Pioneers' Homes is \$2,110 per month per person for FY 81.

### Cost of Nursing Care

FY 81	12 beds X \$3,147 X 12 + 10% inflation	=	\$ 498,485
FY 82	23 beds X \$3,462 X 12 + 10% inflation	=	1,051,063
FY 83	25 beds X \$3,808 X 12 + 10% inflation	=	1,156,109
FY 84	23 beds X \$4,189 X 12 + 10% inflation	=	1,271,780
FY 85	23 beds X \$4,610 X 12 + 10% inflation	=	1,399,596

## Administrative Costs

At the outset, a Program Coordinator would be required to develop the program, contact prospective providers of residential and nursing care to encourage development of capacity in existing and/or new facilities, and guide those providers by setting standards, providing information relative to licensing, determining standard operating procedures, etc. When the program is up and running, the Program Coordinator will have the responsibility for successful continuation of the program.

A Social Worker is needed on a half-time basis to advise and assist the eligible elderly persons in obtaining benefits and with personal problems.

A Clerk Typist is needed for clerical support of the Program Coordinator and Social Worker.

		<u>FY 81 Cost</u>
Personal Services		\$ 74,413
Salaries - Program Coordinator (R-18)	\$29,580	
Social Worker III (R-16) (1/2)	12,792	
Clerk Typist III (R-8)	15,324	
Subtotal	<u>\$57,696</u>	
Benefits	16,717	
Total Salaries and Benefits	<u>\$74,413</u>	
Travel		14,000
For Program Coordinator and Social Worker		
Contractual Services		10,500
Office and program operating expenses		
Commodities		1,500
Office supplies for office and field staff		
Equipment		4,800
Outfitting of new positions with office furnishings and equipment		<u>          </u>
Total Administrative Cost		\$104,713

If House Bill 374 is approved and the Department of Administration is funded for this pilot project, it is proposed to RSA these funds to the Department of Health and Social Services to operate the program.

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3 9 1



April 6, 1979

Representative Thelma Buchholdt  
Pouch V  
Juneau, Alaska 99811

Dear Representative Buchholdt:

Enclosed is a copy of my testimony on House Bill 391 which was presented at the hearing this morning. House Bill 391 relates to the topic of AEIDC's competition I wrote to you about earlier. Thank you for your interest in this matter.

Sincerely,

CONSTRUCTION SYSTEMS MANAGEMENT, INC.

Donald E. Slone, PE

bmn  
Enclosure

CONSTRUCTION SYSTEMS MANAGEMENT, INC.

902 WEST INTERNATIONAL AIRPORT ROAD ANCHORAGE, ALASKA 99502

(907) 276-3033

April 6, 1979

TESTIMONY ON HOUSE BILL 391

"An Act relating to competition by the University  
of Alaska with private businesses."

TO: House Committee on Health Educational and Social Services and  
Judiciary

Mrs. Thelma Buchholdt, Chairperson

BY: Donald E. Slone  
902 West International Airport Road  
Anchorage, Alaska 99502 (276-3033)

Thank you for this opportunity to testify before your committee on House Bill 391. My name is Don Slone. I'm a professional engineer and a partner in an architectural/engineering firm in Anchorage.

My comments relate primarily to the Arctic Environmental Information and Data Center (AEIDC) and, secondarily, to other governmental agencies. This is not because I'm out to undermine AEIDC but because it is a University agency I'm familiar with. In fact, I feel AEIDC provides an important function, but for reasons they may either control or not control, they find it necessary to do work in areas that compete directly with my business.

The problem is that their ability (or need) to compete with private business is not well defined. Because of this and the legislative authority given to the University of Alaska to be "contract and be contracted with" the State's Ombudsman does not investigate complaints of competition with private businesses.

There is something morally wrong, though, when a public agency is allowed to acquire work on a competitive or even speculative basis. It is even worse when they maintain this is necessary to obtain the funding to support their staff level.

Any time a governmental agency attempts to procure work on a competitive basis, it tells me that my tax dollars are being used improperly. It is especially frustrating when such agencies are directly competing with my livelihood. I am, in those instances, quite literally supporting the competition.

And why? Because they are less costly or more efficient? I don't believe so. I expect other testimony here today will comment directly on the fallacy of governmental efficiency and subsidized rates; so I won't.

Instead, I'd like to state that the proposed House Bill 391, while being a step in the right direction, is inadequate because it attacks the symptom instead of the problem. The 20% cost differential tries to address the symptoms. The problem is that they are allowed to, or even have to, compete in order to function as a viable entity.

In AEIDC's case I feel they are placed in a competitive position by two factors:

First, they are apparently underfunded for the mission they feel they must fulfill.

Secondly, they are frequently asked by other governmental agencies to perform services they were not established to provide.

This creates pressure from both ends. Too much work and not enough dollars. They must then attempt to acquire other funds to keep up the staff level necessary for the inflated work load.

The solutions then seem apparent: remove both the ability and the need to compete.

I encourage you to expand this Bill to be something more than a monetary scale for measuring what is fair and not fair. What is "20% higher"? Is it based on a lump sum price? And if so, out of whose pocket does a cost overrun come? From the employees of the state or the state taxpayers? We know what happens in private industry.

Instead expand it to include:

1. clear legislative definition of agency purpose; and
2. restrictions against any competition with private businesses.

Care must be taken in writing a bill that tries to be a cure-all. There is the possibility of a backlash in trying to be too protective as was the case with the lien law. Perhaps have a statement of total non-competition intent is sufficient. Such action would provide the basis for the State's Ombudsman to investigate complaints.

The executive branch should be asked to establish administrative policy to use private enterprise whenever possible. Regulations must be implemented which delineate when governmental agencies can ask others to provide services and when those agencies should solicit proposals from private businesses. This will go a long way in limiting the "empire building" the State is often accused of.

As I said when I began, these comments relate to all governmental agencies. To AEIDC's credit, they seem to be a cost-conscious organization and try to avoid competition. It does not always happen. Usually pressure must be executed first. What we should do with this Bill is address the problem and not the symptoms. There are better uses for our tax dollars than funding our own demise.

Thank you.



Donald E. Slone, PE

CSL 14.40.040  
(3)



ARCHITECTS, ENGINEERS & PLANNERS

February 9, 1979

Representative Thelma Buchholdt  
Pouch V  
Juneau, AK 99811

Dear Representative Buchholdt:

I have attached a copy of a letter to Commissioner McAnerney explaining my concern about Arctic Environmental Information and Data Center's (AEIDC) ability to use tax dollars to compete with private enterprise on a project for which the Department of Community and Regional Affairs recently solicited letters of interest.

I objected on the basis that AEIDC uses taxpayer's money to compete for work that can be done by private Alaskan businesses. The State's Ombudsman's Office has informed me that it has no jurisdiction over the situation, and suggested recourse through the legislature.

Apparently when the University created AEIDC it was not their intent for AEIDC to compete with private enterprise. Nor was that the legislature's intent when it funded AEIDC in 1972 for arctic data collection and library services.

Statutory authority allows the University of Alaska to "contract and to be contracted with." It is through this loop hole that AEIDC, as a subpart of the University, has been providing services in areas that Alaskan businesses can and should be fulfilling. In the absence of clear legislative intent and executive authority, AEIDC has been operating under informal University administrative policy. I would like your assistance in clarifying this situation through the legislature.

The State's Ombudsman has a file and list of numerous complaints on this matter that may provide you a greater understanding of the concern by the State's taxpayers and businesses. If I can provide additional information, please contact me. Thank you for your assistance.

Sincerely yours,

CONSTRUCTION SYSTEMS MANAGEMENT, INC.



Donald E. Stone, P.E.

DES/bmn  
Enclosure

CONSTRUCTION SYSTEMS MANAGEMENT, INC.

902 WEST INTERNATIONAL AIRPORT ROAD ANCHORAGE, ALASKA 99502

(907) 276-3033



April 6, 1979

Representative Thelma Buchholdt  
Pouch V  
Juneau, Alaska 99811

Dear Representative Buchholdt:

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Enclosure

April 6, 1979

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Mrs. Thelma Buchheidt, Chairperson

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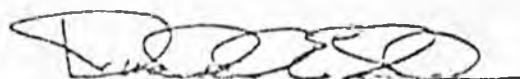
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Thank you.



Donald E. Stone, PE

DARBYSHIRE & ASSOCIATES  
community planning and management services

January 14, 1980

The Honorable Thelma Buchholdt  
House of Representatives  
State of Alaska  
Pouch V  
Juneau, Alaska 99811

Dear Representative Buchholdt:

Thank you for inviting us to express our views on the most desirable relationship between state research projects, the University of Alaska, and the private consulting community. While we acknowledge a need for university-level research, the role of the university should be clearly spelled out if the state and its citizenry, and the university and its students, are to benefit. This letter outlines some of the considerations that we feel should be taken into account in defining the most effective role for the university's research agencies.

As a starting point, I would like to examine what has transpired to date. Historically, the state has wisely authorized and funded a variety of university research agencies (e.g. ISER, AEIDC, etc.). These actions were founded on good intentions and a need to fill a specific research requirement. Unfortunately, such research organizations don't seem to be able to exist for the sole purpose of accomplishing their initial charge. Once in existence, they become dynamic organizations that must develop credibility. Thus, they move to take on more responsibilities, consulting projects, staff, office space, etc. In the process, the administrators gain recognition, climb up the professional/professorial ladder, justify salary increases, and gain professional mobility.

AEIDC is a prime example of this phenomena. Authorized by the legislature in 1971, AEIDC was initially charged with the responsibility to serve as a repository for arctic environmental information and data. Further, the legislature appropriated \$100,000 for the first year's operation of the organization.

Page 2

January 14, 1980

Representative Buchholdt

Since 1971, AEIDC has grown substantially. To quote Mr. Foster F. Diebold in his correspondence of March 22, 1979 (he was then President of the university) to the Honorable Glenn Hackney: "In 1977-78 their appropriation was \$520,400. \$176,388 was paid for rent. The balance of their budget came from contractual funds received through grants and contracts. Thus, in effect, state monies covered 27% of their budget." In other words, 73 percent of AEIDC's budget (\$1,405,000) came from consulting work over and above that which they received directly from the legislature. This made AEIDC one of the largest consulting firms in the state in 1977-78.

Such growth and personal aggrandizement would not be all that bad if the state were to equally gain something. But, does the state save money because the university can do the research cheaper, do it better, or do it faster? No, the university doesn't do its research work for the state or federal government for less than private consulting firms. They do it for the same price or more! This, when their basic existence and core administrative, accounting, bookkeeping, personnel, recruiting, and office space are being completely paid for by the state! In essence, then, the state ends up paying more to use the university research organizations than if they were to use private consulting firms.

As to the question of getting better work from the university, I don't think you will find this to be the case either. Rather than comment on this personally, however, I suggest you contact any of the state agencies who have used the university as consultants in the past for their evaluation of the products they received.

It has been suggested that there is a proposal to set up a system whereby the university would have the first right of refusal on all state contracting/consulting work. If the university decided that they didn't want to, or couldn't do the work, then, and only then, would the request for consulting services be available to the private sector. If this is true, I would strongly caution against the adoption of such a proposal. Oh - the problem of competition between the university and the private sector would certainly be defused. But the negative ramifications would be devastating for the state.

Page 3

January 14, 1980

Representative Buchholdt

First, with the volume of consulting work that is to be done in the state over the foreseeable future, we would see the growth of a university research bureaucracy like you wouldn't believe! Secondly, the state would end up paying far more for its research consulting needs than necessary. For instance, our firm is now completing a community profiles project for the Department of Community and Regional Affairs. Our budget for this project totals \$208,000. According to information we have received, AEIDC said they would do the job for \$260,000. If the proposed system would have been in existence, we would not have had a chance to bid on the project and the state would have unnecessarily spent \$52,000.

Finally, there is one heck of a lot of technical and intellectual capability outside of the university. If the proposed system were activated, it would severely limit the use of this capability.

Frankly, I'm not sure how this problem will ever be resolved. It is our opinion, however, that the following policies should be examined in determining the ultimate role for the university's research organizations:

- o Historically, universities have been centers for higher learning; places for the gathering and dissemination of knowledge in advanced fields of study; and have provided facilities for teaching and research.
- o The university should involve itself in the research of issues that have statewide interest and concern.
- o The university should seek to develop required research capabilities that do not now exist in the state or private sector.
- o The university's research capabilities should be directly funded by the state through adequate legislative appropriations. This would give the university the freedom from investigative restriction that exists when research is conducted under contract.

Page 4  
January 14, 1980  
Representative Buchholdt

- o The university should do research as part of its education system to assist students rather than getting students to fit into a mold that their contractual obligations require.

Maybe a solution to the problem would be for state agencies to publish a notice of intent to request proposals in house and allow private firms an opportunity to demonstrate their ability to provide such services. The state would then reserve it's option to go public if the contracting agency felt that the in-house request for proposal had not resulted in a satisfactory response.

My own suggestion would be to adopt HB 391 by amending Sec. 14.40.045 by deleting the last words of the paragraph that state "at a price no more than 20 per cent higher than that submitted by the university." This should, however, be followed up with an appropriation of funds to permit the university to carry out its necessary and desired research programs.

What has come to pass is a system where the Alaska consulting community finds itself in a situation where they are competing for their livelihood with the state through its university system. Needless to say, competing for one's livelihood against state organizations who are set up, funded and operated with our own tax dollars doesn't make us too happy. Especially when it is remembered that if we don't get the work, we don't make an income and will eventually be forced out of business. However if the university doesn't get the work, they still have a job, get paid, accrue vacation time, and have another shot at securing additional work.

We appreciate this opportunity to be heard on the matter, and we stand ready to provide additional information as required.

Respectfully submitted,

Ralph R. Darbyshire  
President

THOMAS DOWELL, JR. PH. D.  
138th JARVI DRIVE  
SRA BOX 846  
ANCHORAGE, ALASKA 99502

April 9, 1979

907 344-6936

Chairman and Members of the House Committee on Health, Education and Social Services  
Pouch V  
Juneau, Alaska 99811

Dear Madam Chairman and Committee Members;

I wish to thank the members of the Committee for the opportunity to talk to them on the telecommunication network on April 6, 1979 in reference to H. B. 391.

During the hearing Representative Chatterton commented that the question of constitutionality of the bill being considered may be raised in the Judiciary Committee with, I presume, particular emphasis probably being placed on the propriety of the legislature interfering with the policy-making authority of the Board of Regents and University administrators.

Not being a lawyer, I become uncomfortable when I am told, as I have been in this case, that what the law says and what it means are not necessarily the same. However, I still wonder, as I look at Alaska Statutes, Chapter 40, Section 14.40.040. General powers of the university. This section apparently indicates that the legislature " . . . created and established a corporation to be called the University of Alaska. It may in that name

- (1) sue and be sued;
- (2) receive and hold real property;
- (3) contract and be contracted with;
- (4) adopt, use and alter a corporate seal;
- (5) do and have done all matters necessary for the purpose of any function set forth in this chapter.

If that says to you what it says to me, the Alaska legislature created the University corporation and authorized it to have certain powers. It seems to me that if the legislature created the corporation and authorized it to have certain powers, the legislature can modify that charter and those powers.

This bill would not impinge upon academic freedom, nor would it direct the University in the conduct of its primary goal. The University was created to pursue the governmental tasks of providing education in accordance with an express mandate of the constitution, Article VII Section 2. State University. The University of Alaska is hereby established as the state university and constituted a body corporate. It shall have title to all real and personal property now or hereafter set aside for or conveyed to it. Its property shall be administered and disposed of according to law.

None of the powers authorized under Section 14.40.040, address education. Curriculum is addressed in Section 14.40.060.

I believe the powers of the corporation can be modified by changing Section 14.40.040, paragraph (3) to read

(3) contract and be contracted with, provided that such contracts may not permit the University to compete with private business;

Such a change would not prevent the University from contracting with suppliers, faculty, construction contractors working on University property or lands, or other similar contractors. I believe this was the type of contract the legislators had in mind in writing such a clause into Section 14.40.040., and the change I suggest would not limit that authority. It would eliminate the activities this bill addresses while not conflicting with the University's role in education.

In my testimony I said that if research institutes depend upon competition with private business for their survival, then they are not research institutes and should not survive. Mr. Darbyshire indicated the problem these institutes have. They have grown in size as a result of their activities in the private sector and have lost sight of research in order to maintain staff. The solution to this problem is to reduce staff and maintain only their research activities.

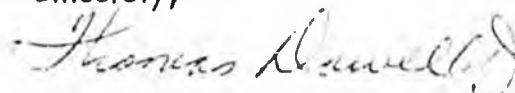
This is a problem many universities have faced with declining enrollment. I know first-hand because I worked in pure and applied research in the Center for Advanced Computation, Department of Computer Science, University of Illinois. When our research funds were reduced staff was reduced. We did not market nor compete in the private sector. Although dire threats of extinction were made, the Center still exists and is engaged in education and pure research.

Under the powers now held by the University it can enter into any field it chooses to. If it wanted to it could build an airline for its Aviation Tech program, open a bakery for its Food Technology program or maintain a staff of highly competent graphics specialists to prepare presentation material for industry and academia. Of these three options, so far only the last is on the market.

It is important that the Committee recognize the distinction between interference in the educational and/or policy process and modifying corporate authority. Only the latter need be addressed. I believe it is only a clarification of previous legislative intent. I can't imagine the free-spirited members of the legislature in 1949 creating a corporate entity that would compete with them in business.

If the modifications to the corporate powers are considered in this context, the need for threats of budgetary control or other distasteful situations which serve neither the public nor the University well can be avoided.

Sincerely,



Thomas Dowell, Jr., Ph. D.

were underway this year, there are many aspects of rural Arctic education that may not be fully covered. For this reason, the interim committee worked with the Alaska Native Foundation in the fall to put together a plan consisting in part of the following:

- a). Review of programs of teacher training and cultural institutes of other circumpolar nations, and how they have dealt with
  - (1). materials development;
  - (2). teacher and administrator training;
  - (3). scheduling and alternative "tracking" for students;
  - (4). curriculum and program design, including provision for diverse student interests and career plans; and
  - (5). delivery systems
- b). How all of the above could be used in Alaska as models to upgrade our teacher training and administrator program for Native and non-Native Alaskans.

The work project with the Alaska Native Foundation is much more complicated and has to be continued during the first few months of this legislative session. The interim funds for this project had been set aside, and should be reflected in the budget lapsing into the General Fund.

- 3). An assessment of what may be unfair competition by the University of Alaska research with private enterprise (HB 391) received an informal commitment from the President of the University that right serve as partial solution to this apparent problem of the private sector; the solution might be that those projects which could not be done by the U. of A. research on its own and are put out to bid by the State of Alaska should be left to be done by private businesses with the lowest bid. Further expression

# TELECONFERENCE HEARINGS



TOPIC: HB 391 - Competition by U of A with private business  
HB 412 - Minimum standards for hospital care

COMMITTEE: House HESS (Buchholdt)

DATE: Friday, April 6, 1979

(DATE SCHEDULED: 4/3/79 ; )

TIME: 11 a.m. to 1 p.m. A.S.T.

SITES PARTICIPATING: Anchorage only

CONFERENCE MODE: audio

LOCATION: LIO

MODERATOR: Shapiro

NOTES:

- Contacted
- ✓ Don Sloane 276-3033
- ✓ Mike Brunet, Municipal Human Res. 264-4261
- ✓ Valley Hospital, Palmer
- ✓ Chris Beardsley, Providence
- ✓ Chamber of Commerce 272-2401
- ✓ Women's Club FREE Committee
- ✓ Harry Gray 277-4522

Expect to spend 1 hour on each bill

PUBLICITY:

- INVITATIONAL
- Committee making contacts
- ✓ PSAs 4/3      27  
(date)      (quantity)
- News release (date)      (quantity)
- Summary to be provided
- Text to be provided
- Quotes to be provided
- Direct mail (date)      (quantity)
- ✓ Phone 4/3      7  
(date)      (quantity)
- xx  Posted at Information Office

TELECONFERENCE STARTED 11:12 am  
TELECONFERENCE ENDED 1 pm

	391	412	
WITNESSES	6	2	8
OBSERVERS	1	2	3
TOTAL	7	4	11
			ATTENDANCE

## today in anchorage

Public comment on HB 391, competition by the University of Alaska with private business, and HB 412, minimum standards for hospital care, is invited by the House Health, Education and Social Services Committee in an audio

teleconference starting at 11 a.m. The teleconference will be held in the legislative information office, 1024 W. Sixth Ave. Area residents wishing to testify should register in advance by calling 278-3668.

Alaska State Legislature

# TELECONFERENCE HEARINGS



April 3, 1979  
Contact: Judy Hopkins  
278-3668

PUBLIC SERVICE ANNOUNCEMENT

(run through 4/5/79)

PUBLIC COMMENT ON HB 391, COMPETITION BY THE UNIVERSITY OF ALASKA WITH PRIVATE BUSINESS, AND HB 412, MINIMUM STANDARDS FOR HOSPITAL CARE, IS INVITED BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE IN AN AUDIO TELECONFERENCE STARTING AT 11:00 a.m. FRIDAY, APRIL 6, AT THE LEGISLATIVE INFORMATION OFFICE, 1024 WEST SIXTH AVENUE. AREA RESIDENTS WISHING TO TESTIFY SHOULD REGISTER IN ADVANCE BY CALLING 278-3668. OBSERVERS ARE WELCOME.

###

Name Janet A. Boylan

Here to TESTIFY \_\_\_\_\_

Representing self

Mailing Address 409 E. 23 Zip 99503

Here to OBSERVE X

Phone 276-4495

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Janet A. Boylan  
(signature)

Have you participated in other legislative teleconferences? - How many? 1

Would you have participated in this hearing if the network were available? no

How did you learn about this hearing?

Thelma Bucchotley

If yes, did you use network:  
 instead of travel  
 instead of phone conversations  
 instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

Name Thomas Dowell, Ph.D.

(T)

Here to TESTIFY YES

Representing SELF

Mailing Address SRA Box 846, ANCH zip 99502

Here to OBSERVE \_\_\_\_\_

Phone 344-6936

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Thomas Dowell  
(signature)

Have you participated in other legislative teleconferences? NO How many? \_\_\_\_\_

Would you have participated in this hearing if the network were not available? NO

How did you learn about this hearing?

From another consultant

If yes, did you use the network:

- \_\_\_\_\_ instead of travel
- \_\_\_\_\_ instead of phone conversations
- \_\_\_\_\_ instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

Name C.A. "Bud" Herschbach  
Representing International Technology Limited  
Mailing Address 723 West 6th Ave Zip 99501  
Phone (907) 278-1571

Here to TESTIFY

Here to OBSERVE

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

C. A. Herschbach

(signature)

Have you participated in other legislative teleconferences? No How many? \_\_\_\_\_

How did you learn about this hearing?

Through other interested parties

Would you have participated in this hearing if the network were not available? No

If yes, did you use the network:

\_\_\_\_\_ instead of travel  
\_\_\_\_\_ instead of phone conversations  
\_\_\_\_\_ instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

7

Name LUREN LEMAN

Here to TESTIFY       

Representing CH2M HILL

Mailing Address 310 K ST Anchorage zip 99501

Here to OBSERVE       

Phone 278-2551

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Luren Lemman  
(signature)

Have you participated in other legislative teleconferences? no How many?       

Would you have participated in this hearing if the network were not available? no

How did you learn about this hearing?  
word of mouth

If yes, did you use the network:  
       instead of travel  
       instead of phone conversations  
       instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

Name

DONALD B. SLONE

Here to TESTIFY

T

Representing

CSM ARCHITECTS ENGINEERS & PLANNERS

Mailing Address

902 W. INTERNATIONAL ID 99502

Here to OBSERVE

Phone

276 3033

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

  
(signature)

Have you participated in other legislative teleconferences? 116 How many? \_\_\_\_\_

Would you have participated in this hearing if the network were not available? 116

How did you learn about this hearing?  
\_\_\_\_\_

If yes, did you use the network:

- instead of travel
- instead of phone conversations
- instead of mailed testimony

Date: 4/6/79

Subject: HB 397, HB 412 - House HESS

Location: Anchorage

①

Name

Chris Beardsley

Here to TESTIFY

Representing

PROVIDENCE HOSPITAL

Mailing Address

3550 Providence Dr. Zip 99504

Here to OBSERVE

Phone

276-4511

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Chris Beardsley  
(Signature)

Have you participated in other legislative teleconferences?            How many?           

Would you have participated in this hearing if the network were not available? Yes

How did you learn about this hearing?

If yes, did you use the network:

~ indirectly ~

House HESS Chairman

- instead of travel
- instead of phone conversations
- instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

Name

George W. SEUTHERT MD

Here to TESTIFY

Representing

self

Mailing Address

SRA BOX 616 - Anch Zip 99507

Here to OBSERVE

Phone

349-5630

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

George W. Seuthert  
(signature)

Have you participated in other legislative teleconferences? NO How many?       

Would you have participated in this hearing if the network were not available? NO

How did you learn about this hearing?

over bill 412

If yes, did you use the network:

- instead of travel
- instead of phone conversations
- instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

Name Ingrid Seuffert

Here to TESTIFY \_\_\_\_\_

Representing Dr. Seuffert

Mailing Address SRA BING-G Zip 99507

Here to OBSERVE X

Phone 349 5330

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

\_\_\_\_\_  
(signature)

Have you participated in other legislative teleconferences? No How many? \_\_\_\_\_

Would you have participated in this hearing if the network were not available? \_\_\_\_\_

How did you learn about this hearing?  
Rouelma Hospital

If yes, did you use the network:  
\_\_\_\_ instead of travel  
\_\_\_\_ instead of phone conversations  
\_\_\_\_ instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

PLEASE PRINT

Name ROM HAMMERT

Here to TESTIFY \_\_\_\_\_

Representing SCHPD

Mailing Address 1135 W 4TH S. 1 Zip 99501

Here to OBSERVE X

Phone 278-3631

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Ron Hammett  
(signature)

Have you participated in other legislative teleconferences? YES How many? 1

Would you have participated in this hearing if the network were not available? NO

How did you learn about this hearing?  
LEGIS. INFO OFFICER

If yes, did you use the network:  
\_\_\_\_ instead of travel  
\_\_\_\_ instead of phone conversations  
\_\_\_\_ instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 House HESS

Location: Anchorage

(T)

Name MICHAEL E. PLUNKETT

Here to TESTIFY K

Representing LANE KNORR PLUNKETT ARCHITECTS

Mailing Address 800 CORDOVA ANCH zip 99501

Here to OBSERVE \_\_\_\_\_

Phone 276-4939

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Michael E. Plunkett  
(signature)

Have you participated in other legislative teleconferences? NO How many? \_\_\_\_\_

Would you have participated in this hearing if the network were not available? NO

How did you learn about this hearing?  
OTHER PROFESSIONAL

If yes, did you use the network:  
\_\_\_\_ instead of travel  
\_\_\_\_ instead of phone conversations  
\_\_\_\_ instead of mailed testimony

Date: 4/6/79

Subject: (HB 391), HB 412 - House HESS

Location: Anchorage

Name

Ralph R. Darbyshire

Here to TESTIFY

(T)

Representing

Darbyshire

Mailing Address

629 "O" St. #201

Zip 99501

Here to OBSERVE

Phone

279-0703

BROADCAST CONSENT: This proceeding may be broadcast live or recorded for later broadcast by radio or television stations. Please indicate your consent by signing below:

Ralph R. Darbyshire

(signature)

Have you participated in other legislative teleconferences? No How many? \_\_\_\_\_

Would you have participated in this hearing if the network were not available? \_\_\_\_\_

How did you learn about this hearing?  
\_\_\_\_\_

If yes, did you use the network:

- \_\_\_\_\_ instead of travel
- \_\_\_\_\_ instead of phone conversations
- \_\_\_\_\_ instead of mailed testimony

Date: 4/6/79

Subject: HB 391, HB 412 - House HESS

Location: Anchorage

Name

Address and Phone

Organization/Self

For/Against or  
Observing

Name	Address and Phone	Organization/Self	For/Against or Observing
1/ Spaziani, Richard L.	RT4 Bx4257-35 JUNEAU	STATE DEPT. EDUCATION	AGAINST
2/ Dennis Demmett	Office of the President University of Alaska Fairbanks, Alaska 99701	University of Alaska	AGAINST
3/			
4/			
5/			
6/			
7/			
8/			
9/			
10/			
11/			
12/			
13/			

Name	Address and Phone	Organization/Self	For/Against or Observing
1/ Spaziani, Richard L.	RT 4 Bx 4257-35 JUNEAU	State Dept. Education	AGAINST
2/ Dennis Demmert	Office of the President University of Alaska Fairbanks, Alaska 99701	University of Alaska	AGAINST
3/			
4/			
5/			
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12/			
13/			

Jay Barton  
President

UNIVERSITY OF ALASKA

FAIRBANKS ALASKA 99701

February 29, 1980

TO: Representative Thelma Buchholdt

FROM: Jay Barton  
President

RE: HB 391: "An Act relating to competition by the University of Alaska with private businesses" - Fiscal Note

At your request, we have made an initial analysis of the potential impact HB 391, "An Act relating to competition by the University of Alaska with private businesses", would have on the University of Alaska. Time constraints mandated that this initial assessment focus on the University of Alaska - Fairbanks, and the Organized Research units in reviewing the magnitude of current State contracts. In analyzing current budgeted Federal receipts (grants and contracts), your requirement for immediate information has mandated that we focus on the University of Alaska - Fairbanks; Organized Research units; and Rural Education. (Please note: Additional Federal Receipts, in the amount of \$7,302.4, are budgeted to be received by UAA, UAJ, Community Colleges and the Cooperative Extension Service.) We assume that the figures presented below primarily reflect grants and contracts awarded on a competitive basis; some proportion of funds received through grants and contracts undoubtedly have also been awarded on a sole-source basis. An assessment of which grant and contract funds received by the University were bid upon by private firms, at a price no more than 20% higher than our proposals, would require analysis by the entities awarding such grants and contracts.

STATE-FUNDED CONTRACTS

State contracts awarded UAF and Organized Research in the period of July 1, 1979, through December 31, 1979.

AEIDC	\$104.8
ISER	125.0
Institute of Water Resources	60.6
Cooperative Wildlife Research Unit	30.0
Department of Engineering	37.2
Library	2.0
Museum	33.6
Safety	2.0
School of Business & Management	6.0
Agricultural Experiment Station	10.0
Department of Geology	6.5
Sea Grant Program	12.1
Cross Cultural Education	3.0

UNIVERSITY OF ALASKA

To: Representative Thelma Buchholdt  
 From: Jay Barton  
 Re: HB 391  
 Date: February 29, 1980  
 Page 2

State-Funded Contracts (7/1/79 - 12/31/79) - continued

Cooperative Fisheries Research Unit	\$ 19.0
Conferences & Institutes	15.3
College of Arts & Sciences	26.7
Institute of Marine Science	<u>1.0</u>
TOTAL	\$494.8
Annualized: \$494.8 X 2 =	<u>\$989.6</u>

Time constraints have precluded development of a similar breakout of funds for the Division of Community Colleges, Rural Education and Extension; the University of Alaska, Juneau; and the University of Alaska, Anchorage. It is important to note, however, that the Alaska Department of Education currently contracts with many of the Community Colleges to provide Adult Basic Education instruction.

FEDERALLY-FUNDED GRANTS AND CONTRACTS

From FY80 Authorized Budget (FCC).

	<u>Federal Receipts</u>	<u>GFM</u>	<u>Total</u>
Organized Research	\$37,134.3	\$1,502.1	\$38,636.4
REA-Research & Professional Centers	518.9	---	518.9
UAF-Research & Professional Centers	<u>165.0</u>	---	<u>165.0</u>
TOTAL	\$37,818.2	\$1,502.1	\$39,320.3

In summary, two points should be made concerning HB 391 fiscal impact on the University:

1. Normal conduct of business is to award grants and contracts to the lowest responsible and responsive bid. In normal practice, bids are called for to be unconditional. HB 391 in practical effect requires any bid by the University of Alaska to be unresponsive to bid requests by requiring a self-imposed condition on all our bids. The University would effectively be prohibited from bidding on grants and contracts at all, because most parties (i.e. all parties except State of Alaska agencies) seeking bids would not tolerate such a condition.
2. It is accurate to state that virtually all grants-and-contracts' activity of the University of Alaska could be jeopardized by HB 391. Furthermore, the Bill speaks strictly to dollar amounts of competing bids, and does not speak to the scope or qualitative ability of competing bids, an issue of absolutely critical importance to funding sources.