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Alaska Native Health Board

1689 C STREET, SUITE 230, ANCHORAGE, ALASKA 99501

PHONE 276-8989

Reference #A80-0489
RECEIVED
APR 17 1980

April 16, 1980

DEPUTY COMMISSIONER
DEPT. OF HEALTH & SOCIAL SVCS
ANCHORAGE

Dr. Fred McGinnis
Deputy Commissioner
Department of Health & Social Services
State of Alaska
MacKay Building
338 Denali Street
Anchorage, Alaska 99501

The purpose of this letter is to proclaim the Alaska Native Health Board's dismay regarding efforts underway to promote the use of State funds to subsidize the financially troubled Alaska Hospital and Medical Center/Professional Office Building in Anchorage.

Speaking as the designated statewide health entity representing the Alaska Native population in health matters -- and as concerned citizens, voters, and taxpayers -- this Board is strongly opposed to the utilization of State funds to subsidize this most costly, underutilized community hospital/office complex. Any such action could not be considered to be in the best interest of all Alaskan citizens.

During its regular meeting on April 10, 1980, this Board did pass a resolution supporting the IHS acquisition of the Alaska Hospital and Medical Center/Professional Office Building. This Board further advised the Alaska congressional delegation that a study should be undertaken to determine how this transfer might best be accomplished while still providing access to quality health care to all Alaskan residents.

Again, we would like to remind you that State funds should be expended for programs and/or improvements that will mutually benefit all Alaska residents and we ask that you lend your support.

A letter containing the above information has been sent to all Alaska State Legislators, the Governor, and Commissioner Beirne. I might add that the Board's decision to support IHS acquisition of the AHMC/POB was by no means a hasty decision and came about as the result of indepth studies conducted regarding both ANMC and AHMC/POB.

ALUTIAK PEOPLE OF ISLAND ASSOC. INC.
BOSTON BAY AREA HEALTH CORPORATION
CORNWALL NATIVE ASSOCIATION
COPPER RIVER NATIVE ASSOCIATION

KODIAK AREA NATIVE ASSOCIATION
KATNEKUP ASSOCIATION
THE NORTH PACIFIC IIM
NORTH SLOPE BOARD FOR HEALTH CORP.

NORTON SOUND HEALTH CORPORATION
SOUTHEAST ALASKA REGIONAL HEALTH CORP.
TANANAI CHIEFS CONFERENCE
YUKON-EUSKOKWIM HEALTH CORPORATION

Dr. Fred McGinnis
April 16, 1980
Page Two

The use of State funds to temporarily alleviate the hospital's indebtedness would not solve the problem but only serve to prolong the real issue -- history has proved that the private sector in Anchorage cannot yet support a second hospital the size of the Alaska Hospital and Medical Center.

If you choose, your response will be incorporated in our records for statewide dissemination.

Thank you again for your support.

Sincerely,

ALASKA NATIVE HEALTH BOARD



David E. Cates, Ph.D.
Executive Director

DEC:blg



TO: [Helen D. Beirne
Commissioner
Department of Health
and Social Services

DATE: February 28, 1980
FILE NO: J-66-327-80
TELEPHONE NO: 465-3655

FROM: AVRUM M. GROSS
ATTORNEY GENERAL

SUBJECT: Financial Aid For
Alaska Hospital and
Medical Center, Inc.

By: *THM*
Thomas H. Robertson
Assistant Attorney General

You have asked whether the Alaska Hospital and Medical Center, Inc., is eligible for financial aid under AS 18.25.040-050. You have informed us that the institution 1/ believes itself to be eligible as a "community operated nonprofit hospital" within the meaning of these statutes.

Having reviewed that institution's Bylaws and Articles of Incorporation, 2/ we believe that the Alaska Hospital and Medical Center, Inc., is not eligible for financial aid under AS 18.25.040-060.

The statutes with which you are concerned were enacted as long ago as 1949 to assist communities whose "taxable values" are limited and who would face "insurmountable hardship" in obtaining local financing for the operation of a hospital or clinic. They provide:

AS 18.25.040. DEPARTMENT TO RENDER AID.
The department may assist in cases of operational deficits of community operated nonprofit hospitals and clinics in the state.

AS 18.25.050. DETERMINATION OF NECESSITY.
The department shall initiate appropriate action in accordance with the provisions of §§ 40-60 of this chapter as soon as the department determines which projects are of most immediate necessity.

1/ The phrase "Alaska Hospital and Medical Center, Inc." is apparently used to denote both the hospital and the corporation.

2/ The Articles of Incorporation were "restated and amended" on August 30, 1978.

AS 18.25.060. INTENT. It is the intent of §§ 40-60 of this chapter to provide financial aid, or funds to match available federal funds to aid localities or municipalities whose taxable values are limited in scope and for whom an attempt at community financing of a community operated nonprofit hospital or clinic would entail insurmountable hardship.

You have informed us that longstanding employees of the Department of Health and Social Services have no recollection of funds ever having been distributed under these statutes. You have also informed us that no funds have been appropriated for distribution during the current fiscal year. See Ak. Const., Art. IX, § 13.

The answer to your question turns on whether the Alaska Hospital and Medical Center, Inc., is a "community operated nonprofit hospital" within the meaning of AS 18.25-.040-060. The statutes do not, of course, refer simply to a hospital operated by a nonprofit corporation. They refer to a "community operated" nonprofit hospital and, as a consequence, your inquiry presents the issue of whether this institution can legitimately be viewed as being operated by the community in which it is situated.

The Alaska Hospital and Medical Center, Inc., is incorporated under AS 20.10 as a nonprofit corporation for the purpose, among others, of operating hospitals, clinics, and related facilities in the State of Alaska and elsewhere. 3/ There are no shareholders and the members of the corporation are limited to its Board of Trustees. 4/ The Board of Trustees is composed of five trustees who must, to be eligible for appointment, be at least twenty-one years of age, at least one year residents of the Third Judicial District, and of good moral character. Trustees are appointed by the Board of Trustees, voting as members of the corporation. The corporation is wholly controlled by the Board of Trustees. 5/ An administrator, who reports to the Board of Trustees, is responsible for its everyday operation. 6/

3/ Articles of Incorporation, Arts. I, III.

4/ Articles of Incorporation, Art. V; Bylaws, Art. III.

5/ Articles of Incorporation, Art. VI; Bylaws, Art. IV.

6/ Bylaws, Art. V.

We believe, in light of these factors alone, that the Alaska Hospital and Medical Center, Inc., is not operated by the community within the contemplation of AS 18.25.040-060. 7/ It does not have access to taxation, as alluded to in AS 18.25.060, and is entirely subject to the will of a five member Board of Trustees. Although undoubtedly dedicated to the pursuit of eleemosynary ends, the Alaska Hospital and Medical Center, Inc., is operated not by the community but rather by a private nonprofit corporation of the same name. It is thus not eligible to receive public funds under the statutes to which you have referred.

7/ In light of this conclusion it is unnecessary to address the other issues you have raised in this regard.

THR:jal

CC: OSHPD
McGinnis
Karlson
on 3-3-80

POSITION PAPER ON
HOUSE BILL NO. 1030

For an Act Entitled: "An Act relating to assistance to nonprofit hospitals and providing for an effective date."

House Bill 1030 amends AS 18.25.010 to permit the Department of Health and Social Services to assist not only nonprofit hospitals operated by municipalities, communities and associations in the state but also nonprofit hospitals operated by nonprofit corporations in purchasing, constructing, repairing and providing necessary equipment. Section 1 is further amended to permit Departmental support for the retirement of debt in addition to the provisions for purchase, construction and equipping noted above.

The statute was originally enacted to provide the mechanism for disbursement of state funds, along with federal Hill Burton construction funds, for hospitals and long term care facilities. All Alaska hospitals, except Glennallen and Alaska Hospital and Medical Center, have benefited from this program since its enactment in 1949. The original statute did not authorize direct retirement of debts of nonprofit hospitals or grants to hospitals operated by nonprofit corporations unless community operated.

Discussion Items;

1. House Bill 1030 expands the authorizing language whereby resources can be provided to nonprofit hospitals or hospitals operated by nonprofit corporations not only for purchase, construction and equipping purposes, but also for retirement of debt. The Department could assume this expanded responsibility as funds are appropriated under the new authority of this amended act.
2. House Bill 1030, Section 4, also provides for the establishment of standards and criteria (through the development of regulations) for determining the extent and urgency of need by hospitals and the priority of need for funding. Such regulations, developed through the public Administrative Procedures process, are crucial to the responsible and equitable administration of this program.
3. Depending on the size and scope of the amended program, the Department would need to consider limited additional staff capabilities for appropriate administration.
4. To ensure that the rendering of aid includes not only the awarding of grants, but the potential to make loans, consideration might be given to reviewing the language in Section 1, 18.25.010 and in Section 4, 18.25.060 to ensure that rendering of aid encompasses the issuance of loans.

- 5. To ensure that potentially eligible facilities are not required to meet the test of receiving matching federal funds in order to qualify for state aid, it is suggested that the first sentence in Section 18.25.060 be modified to read as follows (suggested changes double underlined):

Section 18.25.060, INTENT. It is the intent of AS 18.25.040-18.25.060 to provide financial aid, including but not limited to money [OR FUNDS] to match available federal money [FUNDS] to aid localities or municipalities whose taxable values are limited in scope and for whom an attempt at community financing of a community operated nonprofit hospital or clinic would entail insurmountable hardship or to aid other nonprofit hospitals or clinics which face closure because of financial problems.

Recommended by: Phoebe A. Lindsey
Phoebe A. Lindsey
Director

Approved by: Helen D. Beirne
Helen D. Beirne
Commissioner

Date: May 7, 1980

Date: 5/7/80

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 1030
 Title An Act relating to assistance to non profit hospitals
 Requested by Dept of Health and Social Services Date 5/6/80

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, or Subprogram(s) Affected _____

(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						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

In order for the Department to administer this program, it will need to secure staff and/or contract assistance to develop proposed regulations, conduct appropriate public meetings and hearings and implement regulations. It is anticipated that this will require at least a 180-day (6 month) time period to accomplish.

Depending on the size of the program anticipated by the Legislature, it is possible that a professional staff person with skills in fiscal analysis, an understanding of facility mortgages and related matters be added to the Department's staff to administer the program.

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

Prepared by Phoebe A. Lindsey Date: May 7, 1980
 Division/Office: _____ PH: _____
 Department of Health & Social Services

32-001 (Rev. 12/79)

Modify by DHSS (11-73-79)

Approval DHSS Mgt. & Edgt: _____ Date: _____

Page _____ of _____

Helen D. Beirne
Commissioner
Department of Health
and Social Services

February 28, 1980

J-66-327-80

465-3655

AVRUM M. GROSS
ATTORNEY GENERAL

Financial Aid For
Alaska Hospital and
Medical Center, Inc.

By: ^{THB}
Thomas H. Robertson
Assistant Attorney General

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- 3/ Articles of Incorporation, Arts. I, III.
4/ Articles of Incorporation, Art. V; Bylaws, Art. III.
5/ Articles of Incorporation, Art. VI; Bylaws, Art. IV.
6/ Bylaws, Art. V.

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7/ In light of this conclusion it is unnecessary to address the other issues you have raised in this regard.

THR:jal

ALASKA HOSPITAL

Alaska Hospital and Medical Center, Inc., is a nonprofit private corporation which owns the hospital. The mortgage on the hospital is held by the Alaska Teamster-Employer Pension Trust. The Professional Office Building (which is physically a part of the hospital) is owned by the Teamsters Building Corporation, which leases space exclusively for the practice of medicine.

The original cost of the hospital and clinic for all equipment and building	\$33,075,975
Estimated value now (1.42 replacement cost factor)	\$46,970,000
Total due to Teamsters Pension Trust as 2/29/80	\$40,643,000
Arrears payments to Trust as of 2/29/80	\$ 5,714,000
Unfunded depreciation	\$ 6,468,000
Professional Office Building (appraisal 12/10/79 by Kenneth M. Zamzow, MAI)	\$13,000,000

The hospital has a 5 member board of trustees. The trustees are elected by the board and may succeed themselves. Members are as follows:

Ray L. Snitil, President
Jack Bentley, Vice President
William H. Ivy, M.D., Secretary
Vernon Cates, M.D.
Emmitt Wilson

The hospital administrator is Ronald A. Pavellas, 276-1131. He has been with the hospital approximately 8 months.

Brian J. Brundin, 274-7522, of Hughes, Thorsness, Gantz, Powell, and Brundin, 509 W. 3rd. Avenue represents the hospital.

Alaska Hospital has not made a mortgage payment since April of 1978. The Department of Labor, through ERISA (Employee Retirement Income Security Act), has said that the Teamsters must divest their interest in the hospital. There are two reasons for this. First, only prudent investments are to be made by the pension fund. Second, too much of the portfolio of the pension fund is invested in the hospital--only 5% of the pension fund may be put in any one investment. (The mortgage on the hospital constitutes 27% of the pension fund.) The Department of Labor has not made a formal statement yet; however, when they do it will be to require immediate divestiture. They may also file suit against the Teamsters for having too much of their money tied up in the hospital as a violation of ERISA. The Department of Labor is supposed to make a statement regarding their position in the near future, according to Bob Eccles of the Department of Labor's solicitor's office.

The Indian Health Service has expressed interest in obtaining the hospital for a new Native hospital in Anchorage. Originally this was priority #23 in their budget request; it has since become #2. The budget appropriations will be considered in early June by the Senate. At that time, it is expected they will receive approval for the purchase of the hospital, either directly or through a deal with the Cook Inlet Native Association.

The hospital board has requested assistance from the state in order to maintain the hospital as a community one. They estimate they would need a state loan of approximately \$55 million to purchase the mortgage on the hospital and the professional office building. The administrator and board feel that their main problem is the mortgage holder. They are seen as a teamster hospital and the medical community refuses to use the facility because of that. The financial status also affects use, since the doctors are afraid that if they support Alaska Hospital and it goes under, they may not have anywhere to put their patients. There is also some stigma attached to the hospital from the Alaska Clinic days that may play a small part in the boycott of the hospital.

South Central Health Planning and Development, Inc., sent out a questionnaire to the local physicians in the Anchorage area regarding Alaska Hospital. 75 (39%) returned the questionnaire. 31 of the 75 said that a change in the mortgage holder would be necessary before they would admit more patients to Alaska Hospital, another 21 stated it would require a change in the structure of the Board.

Providence Hospital has a capacity of 250. Alaska Hospital is certified for 154. Current occupancy at Providences is 78%; Alaska 44%. A hospital is considered full at 85%. In the first three months of 1980 the average daily acute patient census in Anchorage was 281 (85% of Providences' 250 beds is 212). Without Alaska Hospital there would be 69 people a day in need of hospital care and no facilities available. Providence does plan to add another wing to handle an additional 132 patients; however, this project is not expected to be completed before October of 1983.

According to state statute, funding for hospitals can be given under the following:

18.25.010 thru 18.25.060 deals with aid to nonprofit hospitals for operating deficits. In an attorney general's opinion dated 2/28/80 (addressing 18.25.040-060 only) it states that Alaska Hospital would not be eligible for funding under this section because it is not a "community operated" nonprofit hospital; community operated meaning by a municipality or local government. The Department of Health and Social Services has proposed language changes to sections 18.25.010, 040, and 060 that would make private nonprofit hospitals eligible for funding under this section of statute.

18.26.050 deals with the Alaska Medical Facilities Authority and their powers to invest. 18.26.050 (11) allows for the issue of notes and revenue bonds to pay the cost of establishing and equipping medical facilities. This provides for only noncertificated areas of hospitals to be eligible. It also does not allow for the facility to be up and operating at the time of the investment.

37.10.070 lists investment of surplus funds. a(11) allows for investment if the financial institution retains 33-1/3 percent of the mortgage. a(14) allows for purchase of mortgages if mortgage insurance is available; or no insurance under certain loan-to-value ratios. Mortgage insurance only goes up to \$13 million and is at the rate of 3 percent per year.

Alaska Hospital does not qualify for funding under any of these statutes. According to Tom Williams, Commission of Revenue, funds could be provided through a direct appropriation to the Department of Revenue for purchase of the mortgage with any stipulations deemed necessary.

Possible alternatives:

Alaska Hospital would like to see a \$55 million loan with the understanding that repayment would allow them time to get the hospital financially responsible. This could be done through an appropriation to the Dept. of Revenue to purchase the mortgage.

By changing the statute under 18.25.010-060, the Dept. of Health and Social Services would be able to offer financial assistance to the hospital for the retirement of debts or assistance in operational deficits to insure nonclosure due to financial problems. (HB 1030)

It might also be possible to sell the hospital to a private chain, such as Hyatt House. In this case, however, the hospital would be run like any other private facility to make money and not necessarily for the benefit of the community.

Indian Health Service could be allowed to purchase the hospital. This would result in it becoming a Native hospital exclusively. It would also create a shortage immediately as far as hospital facilities are concerned. Anchorage would be short 69 beds daily and would be in serious trouble should any sort of emergency situation develop.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

TREASURY DIVISION

ELEVENTH FLOOR
STATE OFFICE BUILDING
POUCH SB
JUNEAU, ALASKA 99811

May 9, 1980

Honorable Thelma Buchholdt, Chairman
Health, Education & Social Services Committee
House of Representatives
Alaska State Legislature
Pouch Y
Juneau, Alaska 99811

Dear Representative Buchholdt:

This is to respond to your questions as to the allowability of investment by the general fund in the mortgage of the Alaska Hospital and Medical Center, Inc.

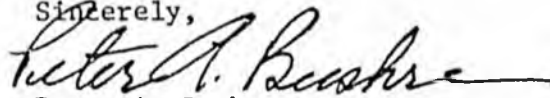
The following sections of AS 37.10.070 affect this type of investment:

1. (a)(11) - this section requires that another offering financial institution be involved (i.e. a bank) and that it must retain a 1/3 participation; on the basis of equal representation with neither parties interest (i.e. state v. bank) subordinate to the other. Section (b)(3) also requires that such loans be certified by the originating financial institution to be made in compliance with law and that liens supporting the loan have been perfected.
2. (a)(14) - this section allows for purchase of mortgages with mortgage insurance at certain loan-to-value (LTV) ratios. At a 50 percent LTV no such insurance is required. At 50-60 percent LTV, 10 percent insurance is required; at 60-75 percent, 15 percent insurance is required.

In light of the above requirements, the mortgage on the Alaska Hospital and Medical Center could not be purchased under general investment powers available to the department for investment of State general fund surplus. The payments on the existing mortgage are in arrears and the general poor financial health of the hospital make any bank participation unlikely (and not allowed by governing Federal banking laws) and mortgage insurance unavailable or, at best, prohibitively expensive.

If I can be of any further assistance, please contact me.

Sincerely,



Peter A. Bushre
Deputy Commissioner

kr

DATE: May 7, 1980
TO: Sam Cotten
FROM: Linda *Linda*
RE: Bill Miles Questions on Alaska Hospital

1. Who/what owns P.O.B. (Professional Office Building)?

Teamsters Building Fund. Current appraisal, 12/10/79, is for \$13,000,000. The Teamsters Building Fund leases space to various medical concerns.

2. Who/what owns Alaska Hospital?

Alaska Hospital and Medical Center, Inc., an Alaskan Nonprofit Corporation, owns the hospital.

3. Mortgage balance on P.O.B.?

If Teamsters have a mortgage on the P.O.B., it is not part of the issue, as they only want to sell it in connection with the Hospital.

4. Mortgage on the Hospital?

The mortgage is held by the Teamsters Pension Trust Fund. The balance as of 4/30/80 is \$34,929,000 on the principal,

5. Arrears on P.O.B.?

Not in question, same as #3.

6. Arrears on the Hospital?

As of 4/30/80 the hospital owes \$2,710,000 in back payments. (This figure was \$5,714,000; however, they applied their revenue sharing money to this.)

7. Other debts on the P.O.B.?

Same as #3.

8. Other debts of the hospital?

They are having trouble meeting their operational commitments. And have an outstanding promissory note with the Pension Fund for \$950,000 for purchase of the xray and lab equipment from Alaska Clinic. The hospital is making its payments on this debt currently, which is \$8,000 per month.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 1030
 Title Assistance to Nonprofit Hospitals
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected NA
 Program Category Affected NA
 BRU, Program, or Subprogram(s) Affected NA
 (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						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact to the Department.

IV. DATE 5-13-80 PREPARED BY Mary Foster
 AGENCY Community & Regional Affairs
 PHONE 465-4734
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

BYLAWS

OF

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

(AN ALASKA NONPROFIT CORPORATION)

ARTICLE I. OFFICES

The corporation shall maintain its principal office for the transaction of its business within the Third Judicial District, State of Alaska.

ARTICLE II SEAL

The corporation shall have a seal.

ARTICLE III. MEMBERS

The members of the corporation are its Board of Trustees.

ARTICLE IV. BOARD OF TRUSTEES

Section 1 - General Powers. The business and affairs of the corporation shall be managed by its Board of Trustees.

Section 2 - Number, tenure and qualifications. The Board of Trustees shall be five (5) in number. The number of trustees may be increased by amendment of these bylaws but may not be decreased to less than five (5) without amendment to the Articles of Incorporation. Trustees shall be elected by the Board of Trustees, as members of the corporation, at the annual meeting of the Board for a term of one (1) year or until their successors shall have been duly elected and qualified, and the term of each trustee shall begin immediately after his election. Trustees may succeed themselves.

Any trustee may be removed from office at any time by majority vote of the remaining trustees, without cause stated. Any trustee shall be removed if he fails to attend three (3) consecutive meetings without excuse acceptable to the Board. Any trustee may resign at any time upon giving written notice to the Board. Any vacancy occurring in the office of a trustee shall be filled by majority vote of the remaining trustees, even though such number be less than a quorum.

To be eligible to be a trustee, a person shall be twenty-one (21) years of age or older, shall have been a resident of the Third Judicial District of Alaska for at least one (1) year preceding, and shall be of good moral character. The judgment of the Board as to qualifications of any member shall be final and binding.

Section 3 - Meetings. The annual meeting of the Board and of the corporation shall be held on the FOURTH THURSDAY in the month of JANUARY in each year, or at such other time as conveniently thereafter may be, stated in notice thereof. The Board shall hold such regular meetings from time to time as determined by the President. Special meetings may be called by the President or by any two members of the Board, and at such special meeting no business other than that stated in the notice shall be transacted.

Section 4 - Notice, Place. No notice need be given of annual or regular meetings unless the time or place be other than that stated at the prior meeting. Notice of any special meeting shall be given at least two (2) days previously thereto by means then deemed best to give actual notice. Any trustee may waive notice of any meeting and the attendance of a trustee at a meeting shall constitute a waiver of a notice, except where the trustee attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Meetings shall be held at the offices of the corporation or such other place as may from time to time be determined by the Board, the President, or as set forth in the notice.

Section 5 - Quorum. The majority of the number of trustees shall constitute quorum, but if less than a majority is present at a meeting, it may be adjourned from time to time without further notice.

Section 6 - Manner of Acting. The act of a majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

Section 7 - Action Without a Meeting. Any action that may be taken by the Board of Trustees at a meeting may be taken without a meeting if a consent in writing shall be signed by all of the trustees. The business transacted at any meeting, however called and noticed and wherever held or if no meeting be held, shall be valid if all trustees execute approval of the minutes thereof or written record of the action taken and such writing is made a part of the minutes of the Board.

Section 8 - Compensation. Unless a resolution of the Board shall provide otherwise, no trustee shall be compensated except that he may be paid his expenses, if any. This shall not preclude any trustee from serving the corporation in any other capacity and receiving reasonable compensation therefor.

Section 9 - Committees. The Board may by resolution establish such standing or special committees, composed of such trustees and other persons, as may from time to time be determined. The Board shall ordinarily act as a committee of the whole.

Section 10 - Officers. The Board shall from time to time elect from among its members a president, vice president and secretary, and such other officers as the Board may from time to time determine. Each officer shall serve at the pleasure of the Board. The president shall preside at all meetings and be the chief executive officer of the Board. The vice president shall act in the absence of the president. The secretary shall keep and maintain adequate records of all meetings of the Board and of the corporation.

Section 11 - Powers. The Board of Trustees shall have and exercise all powers, without limitation, of all of the members or of the Board of Directors or Trustees of a nonprofit corporation not prohibited by law.

ARTICLE V. ADMINISTRATION

ADMINISTRATOR, COMPTROLLER, OTHER REPRESENTATIVES.

Section 1 - Administrator. The Board of Trustees shall select and appoint as chief administrative officer of the corporation an administrator, who shall be its direct executive representative in the management of the Hospital and other business of the corporation. Subject only to such policies as may be adopted and such orders as may be issued from time to time by the Board of Trustees, the administrator shall act as and be the duly authorized representative of the Board of Trustees in all matters in which the Board of Trustees has not formally designated another person to act. The administrator has authority and responsibility for:

- a. Carrying out all policies and orders established and made by the Board of Trustees.
- b. Development, submission to the Board for approval and maintenance of organizational and operational plans for the Hospital.
- c. In conjunction with the comptroller, preparation and submission for approval of an annual operating budget, and operation of the Hospital in accordance with approved budgets.
- d. Selection, employment control and discharge of employees, and development and maintenance of personnel policies and practices of the Hospital.
- e. Care, maintenance, repair and management of the physical properties, inventories, supplies and other assets of the corporation.
- f. Supervision of business affairs of the corporation.
- g. Representative of the Board and corporation and liaison from the Board with all other entities public, private and governmental, and with the medical staff.

h. Preparation of and presentation to the Board of Trustees of regular and special reports as requested by the Board or as needed to keep the Board fully advised.

i. Attendance at all meetings of the Board.

j. Performance of such other duties as may be in the best interests of the Hospital or assigned from time to time by the Board.

Section 2 - Comptroller. The administrator shall, with the advice and consent of the Board, appoint a comptroller, who shall have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for moneys due and payable, deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be from time to time selected, maintain the financial records of the corporation and prepare financial reports therefrom, prepare the financial portions of annual operating budgets and be responsible for financial management thereunder, and to do and perform all other duties incident to the office of comptroller and such other duties as may be from time to time assigned to him by the administrator or by the Board of Trustees. If required by the Board, the comptroller shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine.

Section 3 - Other Officers. The Board of Trustees or the administrator with the advice and consent of the Board may from time to time create such other offices and describe the duties and functions thereof.

ARTICLE VI. MEDICAL STAFF

The medical staff of the Hospital shall organize, operate and be self-governed under medical staff bylaws, rules and regulations. The Board of Trustees reserves unto itself, however, the final authority and responsibility for all medical and other matters of the Hospital or the corporation, and accordingly:

a. All medical staff, bylaws, rules and regulations shall be advisory to and not binding upon the Board of Trustees, and

b. No medical staff bylaws, rules or regulations, or any amendment thereto, shall be effective unless and until the same shall have been approved by the Board of Trustees, and

c. The Board of Trustees reserves unto itself the absolute right to amend such medical staff bylaws, rules and regulations or to take any action inconsistent therewith which the Board of Trustees, in its sole discretion, deems to be in the best interest of the Hospital or the corporation.

This provision of these Bylaws respecting the medical staff shall be deemed at all times to be a portion of and shall be set forth in all medical staff bylaws, rules and regulations.

ARTICLE VII. FISCAL YEAR

The fiscal year of the corporation shall be the calendar year.

ARTICLE VIII. SPECIAL PROVISIONS

The corporation shall have no authority to and shall take no action which, under the laws of the United States or of Alaska are prohibited by nonprofit corporations or which jeopardize the corporation's tax exempt status.

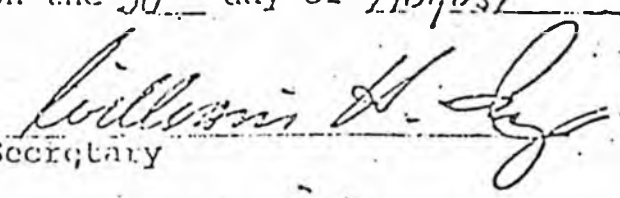
ARTICLE IX. INDEMNIFICATION

In acting for the corporation, trustees may rely upon financial records and reports prepared by agents of the corporation. Each trustee is entitled by right to defense, indemnification and to be held harmless by the corporation for any and all liability of any kind which a trustee may suffer or for actions threatened against a trustee arising from his actions and decisions made for and on behalf of the corporation to the maximum extent permitted by law.

ARTICLE X. AMENDMENTS

These Bylaws may be altered, amended or repealed and new bylaws may be adopted by the Board of Trustees at any regular meeting or at any special meeting.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned secretary of the Board of Trustees of The Alaska Hospital and Medical Center, Inc. does hereby certify that the above and foregoing bylaws were duly adopted by the Board of Trustees as the Bylaws of the corporation on the 30th day of August, 1978.


Secretary

AMENDED AND RESTATED
ARTICLES OF INCORPORATION

OF

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

Pursuant to the provisions of Article 3 of Chapter 20, Title 10, Alaska Statutes, the undersigned corporation adopts the following Amended and Restated Articles of Incorporation:

ARTICLE I

The name of this corporation is THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

ARTICLE II

The duration and existence of this corporation shall be perpetual.

ARTICLE III

The object and purposes for which this corporation is formed are as follows:

a. To own, build, erect, construct, lease, maintain, manage and operate hospitals and clinics, general and special, or related facilities, or all of them, within the State of Alaska, or elsewhere, for the care of persons suffering from illness or disabilities and for the rendering of inpatient or outpatient medical care to persons; said business to be carried on and the objectives thereof not for profit, but rather exclusively for charitable scientific and educational purposes within the meaning of the Alaska Nonprofit Corporation Act and of Section 501(c)(3) of the Internal Revenue Code of 1954, as now in force or as may hereafter be amended.

b. To carry on educational activities related to the rendering of care to the sick and injured or to promotion of health and to promote and carry on scientific research related to the care of the sick and injured or the promotion of health.

c. To do and engage in all lawful activities that are in furtherance of one or more of the general purposes of this corporation.

d. To have and exercise the general powers specified in AS 10,20,011, as now in force or as may hereafter be amended. The objects and purposes of the corporation shall be construed also as powers, and the matters expressed in each of the foregoing clauses shall, unless otherwise expressly provided, be in no wise limited by reference to or inference from the terms of any other clause, but shall be regarded as independent objects, purposes and powers; and the enumeration of specific objects, purposes and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers of the corporation; nor the expression of one thing be deemed to exclude another not expressed, although it be of like nature.

ARTICLE IV

The following additional provisions are inserted for the regulation of the affairs of the corporation.

a. No substantial part of the activities of the corporation shall consist of attempting to influence legislation by propaganda or otherwise or directly or indirectly participating in or intervening in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

b. Upon dissolution of the corporation, its remaining assets, if any, shall be distributed to an organization described in Section 501(c)(3), and exempt from taxation under Section 501(a) of the Internal Revenue Code, as now in force or afterwards amended.

c. The corporation shall not engage in any of the prohibited transactions described in Section 501(b) of the Internal Revenue Code or of the Alaska Nonprofit Corporation Act, as now in force or afterwards amended.

d. The corporation shall not unreasonably accumulate income within the meaning of Section 504 of the Internal Revenue Code, as now in force or afterwards amended.

e. The corporation shall not be operated for the primary purpose of carrying on unrelated trade or business as defined in Section 513 of the Internal Revenue Code, as now in force or afterwards amended.

f. No part of the net earnings of the corporation shall inure to the benefit of any private individual or member within the meaning of Section 501(c)(3) of the Internal Revenue Code, as now in force or afterwards amended.

g. No compensation shall be paid to any member, officer, director, trustee, creator or organizer of the corporation or substantial contributor to it, except as to reasonable allowance for services actually rendered to or for the corporation.

h. No loans shall be made by the corporation to any of its directors or officers.

i. The corporation is organized to serve public interests. Accordingly, it shall not be operated for the benefit of private interests, such as contributors to or members of the corporation, or persons controlled directly or indirectly by such private interests.

ARTICLE V

The corporation shall not have shareholders, but it shall have one or more classes of members, and the Bylaws shall set forth the class or classes, the manner of election or appointment and the qualifications and rights of the members of each class and the certificates evidencing membership, if any, that the corporation may issue.

ARTICLE VI

The corporation shall be under the management and control of a Board of Trustees. . . Such Board shall consist of not less than five (5) members. The qualifications of and manner of election of trustees as well as the number of trustees shall be prescribed in the Bylaws of this corporation.

ARTICLE VII

The Bylaws of the corporation may be adopted or amended by a majority vote of the Board of Trustees.

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

Pursuant to the provisions of Article 3 of Chapter 20, Title 10, Alaska Statutes, the undersigned corporation adopts these Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

SECOND: The amendment adopted is the attached "Amended and Restated Articles of Incorporation of The Alaska Hospital and Medical Center, Inc."

THIRD: There are no members entitled to vote.

FOURTH: These Articles of Amendment and the attached Amended and Restated Articles of Incorporation of The Alaska Hospital and Medical Center, Inc. were duly and regularly adopted at a meeting of the Board of Trustees on the 30th day of August, 1978, upon receiving the vote of a majority of the trustees in office.

DATED at Anchorage, Alaska this 30th day of August, 1978.

THE ALASKA HOSPITAL AND MEDICAL
CENTER, INC.

BY [Signature]
President

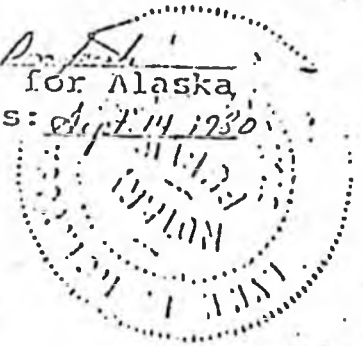
BY [Signature]
Secretary

STATE OF ALASKA)
)
) SS:
THIRD JUDICIAL DISTRICT)

BEFORE ME, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, this day personally appeared Ray Snilil and William H. Ly, M.D., known to me and known to me to be the president and secretary, respectively, of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. and they acknowledged that they executed the foregoing by virtue of authority granted in the Bylaws or by resolution of the Board of Directors.

· WITNESS my hand and Notarial Seal this 30th day of August, 1978.

James L. ...
Notary Public in and for Alaska,
My Commission Expires: Sept. 14, 1980



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Information Update . . .

LAKE OTIS CLINIC, INC. P.O. BOX 4-1539 ANCHORAGE, ALASKA 995

(907) 276-31

DELIVERED TO NESS COMMITTEE MAY 19, 1980 BY KEITH DOUGLASS

In a manner true to Chicken Little, a few Assemblymen, a hospital administrator, a labor union, and a couple hundred hospital employees, staff and their relatives are running around Anchorage and Juneau crying that the sky is falling in on Anchorage's hospital care. There is a potential community wide crisis, they say, that needs IMMEDIATE legislative attention to save Anchorage from a catastrophe. They ask the legislature, AT THE VERY END OF ITS SESSION, to commit 55 MILLION DOLLARS to bail out two pieces of real estate: The Alaska Hospital, and the Teamster's half-vacant office building.

Shouldn't we question the motives behind this eleventh-hour crisis technique? Why has a hospital that has been failing for four years wait until March of this year to present a proposal to the legislature? Isn't it simply that devoid of the eleventh-hour crisis atmosphere, such a preposterous proposal would receive no serious consideration?

HOW CAN THERE BE A COMMUNITY HOSPITAL BED CRISIS WHEN:

- 1) The Indian Health Service has stipulated to a transition plan?
- 2) Providence Hospital can have additional beds on line with

THESE ARE THE COMMUNITARIAN PRINCIPLES OF THE ALASKA HEALTH CARE SYSTEM

one year?

- 3) The Lake Otis Hospital could be built as a TRUE COMMUNITY HOSPITAL in eighteen months?
- 4) THERE ARE 80 AVAILABLE BEDS in the Old Community Hospital at 525 L Street that COULD BE AVAILABLE IN 48 HOURS?

Why haven't we heard about this re-convertable emergency hospital at 525 L Street? Behind the facade of offices, there is a hospital in mothballs, with equipment being maintained, and a provision for its re-conversion to a functional hospital in 48 hours. Why hasn't this facility (which the Municipality leases for about ONE TENTH of the annual debt service on the Alaska Hospital Complex) been exposed as a temporary alternate if the Alaska Hospital folds? Because, ladies and gentlemen, such solutions are NOT what crisis are made of.

There is no real crisis in hospital care in Anchorage today, NOR WILL THERE BE IF THE DEPARTMENT OF LABOR FORCLOSES TOMORROW. The ONLY ones that will be caught in a crisis if this Legislature refuses to be swayed by pressure tactics are:

- 1) Teamsters' Local 959, and its officers.
- 2) The employees, medical staff, and administrator of the Alaska Hospital
- 3) Local politicians who have made this an election year issue
- 4) Providence Hospital, who would suddenly have UNKNOWN and UNCONTROLLED competition for profitable medical-surgical beds.

We are told that the Alaska Hospital needs a "loan" of 55 PLUS DOLLARS to save them. Proponents of this move would have you believe that this is a bonafide loan. In reality, it is a direct subsidy to the Hospital and Teamsters IN EXCESS of the 5 million per year that the Hospital already receives. This hospital operation is currently loosing over 4 MILLION DOLLARS PER YEAR IN EXCESS OF UNFUNDED DEPRECIATION. How can anyone seriously expect it to pay back its loan, PLUS the loan on the half vacant office building at ANY time certain?

The real truth is that proponents of H.B. 1030 KNOW that the legislature would never grant a direct appropriation of this magnitude to any private group, even to the Teamsters. They would have you pass enabling legislation under the guise of a loan program, without insuring any of the normal safeguards, and leave it to the administration to decide its propriety.

It is a credit to the legislative process, and to Mrs. Buchholz that these hearings are being held, and that this committee has resisted special-interest pressures to pass the bill out. I ask only that you continue to look beyond the veneer of the arguments made by proponents of H.B. 1030, and ask "Is the sky REALLY falling?" If you decide that it is, then it is the responsibility of THIS COMMITTEE, not others down the line, to suggest alternate solutions, and to build in safeguards to this expenditure of state funds.

Thank you.

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EXECUTIVE DIRECTOR

DAVID E. CATES PHD 276-8989

PLANNING.

THE ALASKA NATIVE HEALTH BOARD AGENT OF RECORD FOR REGIONAL HEALTH CORPORATIONS AND NATIVES STRONGLY OPPOSES PASSAGE OF HEALTH BOARD. IT WOULD LIKE TO BE ADVISED OF HEARINGS AND OFFERED OPPORTUNITIES TO TESTIFY. PLEASE INCLUDE BOARD IN FUTURE

JUN

PAS REP THELMA BUCHHOLDT

02411 NL ANCHORAGE ALASKA 50 05-08 1828P ADT

1890 MAY 9 AM 6 45

ALASKA NATIVE HEALTH BOARD
ANCHORAGE, AK 99501
M SC

TELEGRAM

AB1030

#B1030

PROVIDENCE HOSPITAL

3203 PROVIDENCE DRIVE - P.O. BOX 6604
ANCHORAGE, ALASKA 99572
PHONE: (907) 276-4511



SISTERS OF PROVIDENCE

SERVING IN THE WEST SINCE 1856

May 5, 1980

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

Dear Representative Buchholdt:

On April 26 the second annual Providence Medical Staff Planning Congress was held here at Providence Hospital.

The purpose of the Congress was to encourage the free exchange of ideas on several issues relating to achieving and maintaining excellence in patient care. Attendance was high with over 150 participating, including medical staff members, hospital management staff, and a wide variety of citizens and officials involved in health planning programs.

One of the issues discussed was: "Should Anchorage be a one, two, or three hospital town?" Following a thorough discussion of the alternatives by a discussion group, the Congress adopted four resolutions in the afternoon plenary session. Also, due to the serious nature of the resolutions and their timeliness, it was agreed that the resolutions be communicated to appropriate members of the state legislature. They are as follows:

Resolution #1 "We are opposed to the federal government purchasing or leasing Alaska Hospital and Medical Center for the Native services hospital." (Approved unanimously.)

Resolution #2 "Anchorage should be a two-hospital city for planning purposes over the next five years. We strongly endorse maintaining Alaska Hospital and Medical Center as a non-profit community hospital in Anchorage, and recommend that they seek financial assistance from the state legislature to develop interim and long-range financing." (Approved unanimously.)

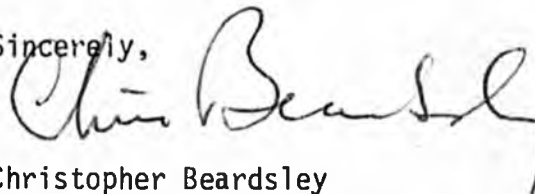
The Honorable Thelma Buchholdt
Page 2
May 5, 1980

Resolution #3 "If Alaska Hospital and Medical Center beds are removed from the community through federal purchase for Native beds, there must be a disaster mode plan for both current and long-range needs to accommodate patients."
(Approved unanimously.)

Resolution #4 "We currently disapprove of the hospital proposed by Lake Otis Clinic because it lacks community support, medical support, financial support and community planning input, and because it lacks in its current conception the ability to meet the hospital bed needs and the community service needs now available at Alaska Hospital and Medical Center."
(Approved at Congress by voice vote with one opposed.)

If you have any questions regarding these resolutions or the Medical Staff Congress, please give us a call.

Sincerely,



Christopher Beardsley
Director of Public Relations
& Governmental Affairs

For Al M. Camosso
Administrator

cc: Senator Ted Stevens
Senator Mike Gravel
Representative Don Young
David Walsh
Ron Pavellas
Ron Hammett
Don DeMers

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 1030
Title Assistance to Nonprofit Hospitals
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected NA
Program Category Affected NA
BRU, Program, or Subprogram(s) Affected NA
(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						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact to the Department.

IV. DATE 5-13-80 PREPARED BY Mary Foster
AGENCY Community & Regional Affairs
PHONE 465-4734
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Name

Address and Phone

Organization/Self

For/Against or
Observing

1) Rep. ^{1/} Sam Cottam			
2) ^{2/} Comm. Helen Beine		Dept H&SS	
^{3/} Peter A. Bushra		Dept. Rev. for Treasury	
^{4/} ANSELM C. STAACK		REVENUE	
^{5/}			
^{6/}			
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State of Alaska



Department of Commerce and Economic Development

Certificate

The undersigned, as Commissioner of Commerce and Economic Development of the State of Alaska, hereby certifies that duplicate originals of Articles of Merger of MEDICAL DENTAL BUILDING CORPORATION, a nonprofit corporation and THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., a nonprofit corporation, duly signed and verified pursuant to the provisions of the Alaska Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Commissioner of Commerce and Economic Development, and by virtue of the authority vested in him by law, hereby issues this Certificate of Merger of

MEDICAL DENTAL BUILDING CORPORATION

MERGED INTO

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

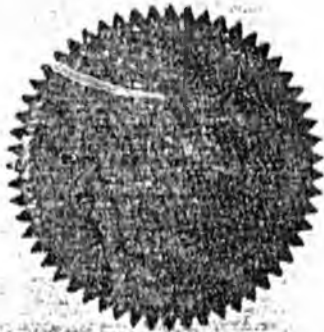
and attaches hereto a duplicate original of the Articles of Merger.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at Juneau, the Capital, this

21st day of February A.D. 1979

Handwritten signature of H. Phillip Hubbard.

H. PHILLIP HUBBARD
COMMISSIONER OF COMMERCE
AND ECONOMIC DEVELOPMENT



FILED FOR RECORD

FEB 21 1978

ARTICLES AND PLAN OF MERGER OF
MEDICAL DENTAL BUILDING CORPORATION, INC.
A NONPROFIT CORPORATION INTO
THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.
A NONPROFIT CORPORATION

STATE OF ALASKA
DEPARTMENT OF COMMERCIAL AFFAIRS

The undersigned corporations, in accordance with Sections 236, 246, 251 and 256 of Article IV, Chapter 20, Title 10, of the Alaska Statutes, hereby adopt the following Articles and Plan of Merger.

FIRST: These Articles and Plan of Merger were duly adopted and approved by the Board of Directors of MEDICAL DENTAL BUILDING CORPORATION, INC. by special meeting of the Board of Directors held May 31, 1977, in the manner and by the vote required by the laws of the State of Alaska. Likewise, these Articles and Plan of Merger were duly adopted and approved by the Board of Trustees of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. at a special meeting held May 31, 1977, in the manner and by the vote required by the laws of the State of Alaska.

The Plan and Agreement of Merger is as follows:

ARTICLE I

The parties hereto agree to effect this merger.

ARTICLE II

The parties to these Articles and Plan of Merger are MEDICAL DENTAL BUILDING CORPORATION, INC. (hereinafter referred to as MDDB, INC.) and THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. (hereinafter referred to as THE ALASKA HOSPITAL), both incorporated as nonprofit corporations in the State of Alaska.

ARTICLE III

The corporation to survive the merger is THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., an Alaskan nonprofit corporation, which shall continue under the same corporate name.

ARTICLE IV

The principal offices of MDDB, INC. and THE ALASKA HOSPITAL are located at Anchorage, Alaska. MDDB, INC. is the owner of real property, the title of which will become vested in THE ALASKA HOSPITAL as a result of this merger.

ARTICLE V

The Articles of Incorporation of THE ALASKA HOSPITAL, as in effect on the effective date of this merger, shall continue in full force and effect as the Articles of Incorporation of THE ALASKA HOSPITAL and shall not be changed or amended by the merger.

ARTICLE VI

THE ALASKA HOSPITAL reserves the right and power, after the effective date of the merger, to alter, amend, change or repeal any provisions contained in the Articles of Incorporation in the manner now or hereafter provided by statute, and all rights conferred on officers, directors or members are subject to this reservation.

ARTICLE VII

The Bylaws of THE ALASKA HOSPITAL, as such Bylaws exist on the effective date of the merger, shall remain and be the Bylaws of THE ALASKA HOSPITAL, until altered, amended or repealed, or until new Bylaws shall be adopted in accordance with the provisions thereof, the Articles of Incorporation or in the manner permitted by the applicable provisions of law.

ARTICLE VIII

The Board of Trustees of THE ALASKA HOSPITAL, as of the effective date of the merger, shall continue in office until the next annual meeting of the Board of Trustees of THE ALASKA HOSPITAL. The number of the Board of Trustees of THE ALASKA HOSPITAL shall continue to be fourteen (14) in number and shall be the following persons: Michael Barry, Floyd Connors, John Creed, Gary Dixon, William Ivy, M.D., Robert McFarland, William Padgett, Robert Sinnett, Frank Yarnot, Jesse Carr, Vernon Cates, M.D., Barney Gottstein, Gordon Hartlieb and John Forceskie.

The following officers of THE ALASKA HOSPITAL immediately prior to the effective date of merger shall continue in office after the effective date of merger and until the next annual meeting of the Board of Trustees of THE ALASKA HOSPITAL: Jesse Carr, President; Vernon Cates, M.D., Vice President; and William Padgett, Secretary.

ARTICLE IX

MDHC, INC. is a wholly owned subsidiary of THE ALASKA HOSPITAL and, therefore, there is no exchange of shares to be had as a result of this merger. There are no members of either nonprofit corporation entitled to vote in this merger.

ARTICLE X

On the effective date of the merger, the separate existence of MDBC, INC. shall cease (except to the extent continued by statute), and all of its property, rights, privileges and franchises of whatsoever nature and description shall be transferred to, vest in and devolve upon the surviving corporation, without further act or deed. Conformity deeds, assignments or other like instruments, when deemed desirable by THE ALASKA HOSPITAL to evidence such transfer, vesting or devolution of any property, right, privilege or franchise shall at any time, and from time to time, be made and delivered in the name of MDBC, INC. for the last acting officers thereof, or by the corresponding officers of the surviving corporation.

ARTICLE XI

The effective date of the merger shall be May 1, 1977, if these Articles and Plan of Merger are accepted for record by the Department of Commerce and Economic Development of the State of Alaska.

SECOND: There are no members entitled to vote in either corporation a party to this transaction.

THIRD: Pursuant to the Alaska Statute 10.20.236, approval of this merger was had by the Board of Directors of MDBC, INC. and the Board of Trustees of the ALASKA HOSPITAL by a majority vote as indicated below:

<u>NONPROFIT CORPORATION</u>	<u>NO. OF DIRECTORS OR TRUSTEES</u>	<u>THOSE VOTING FOR</u>	<u>THOSE VOTING AGAINST</u>
MDBC, INC.	6	6	0
THE ALASKA HOSPITAL	14	14	0

DATED this 31st day of May, 1977.

MEDICAL DENTAL BUILDING CORPORATION, INC.

By Jesse Carr
Jesse Carr, President

By William Padgett
William Padgett, Secretary

and the statements therein contained are true.

William Padgett
Notary Public in and for Alaska
My Commission Expires: 4-26-78

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

I, Ellen M. Sprague, a Notary Public, do hereby certify that on the 21st day of May, 1977, personally appeared before me WILLIAM PADGETT, who being first duly sworn, declared that he signed the foregoing document as Secretary of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC. and the statements therein contained are true.

William Padgett
Notary Public in and for Alaska
My Commission Expires: 4-26-78



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FEB 21 1978 200315

PARTIAL
ASSIGNMENT OF LEASE OF ALASKA

The undersigned, TEAMSTERS' LOCAL 959 BUILDING CORPORATION, hereinafter referred to as Assignor, for and in consideration of TEN DOLLARS (\$10.00), lawful money of the United States of America, and other good and valuable consideration, does hereby assign and transfer to THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., hereinafter referred to as Assignee, all of its right, title and interest in and to that certain real property, including improvements and buildings thereon, described as follows:

A portion of that certain leasehold, ADL 821400, executed on June 26, 1963, the term of which is fifty-five (55) years beginning June 26, 1963, wherein the State of Alaska is the Lessor and Karl A. Bachner was Lessee, which lease was purportedly relinquished by instrument dated August 22, 1972, and recorded March 28, 1974, in Book 224 at Page 536 thereof, said relinquishment having thereafter been declared invalid by judgment of the Superior Court in and for the State of Alaska, Third Judicial District, entered September 22, 1976, in Action No. 75-2887, and thereafter recorded the day of December, 1977, in Book No. _____, at

Page _____, of official records in the Anchorage Recording District, Third Judicial District, State of Alaska, said lease through mesne conveyances having been lawfully assigned to the Teamsters' Local 959 Building Corporation, Lessee, as said lease effects that certain real property situated in the Anchorage Recording District, Third Judicial District, State of Alaska, being that portion of the South one-half of the Southeast one-quarter of the Southwest one-quarter (S 1/2 SE 1/4 SW 1/4) of Section 16, Township 13 North, Range 3 West, Seward Meridian, records of the Anchorage Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

From the one-quarter (1/4) corner of Sections 16 and 21, Township 13 North, Range 3 West, Seward Meridian, Alaska; thence West, along the line between said Sections 16 and 21, for a distance of 40.00 feet to a point; thence No. 00°00'00" W., for a distance of 40.00 feet to the intersection of the northerly right-of-way line of DeBarr Avenue with the westerly right-of-way line of Airport Heights Road; thence West, along the northerly right-of-way line of DeBarr Avenue, for a distance of 1052.44 feet to a point; thence N. 39°00'00" E., for a distance of 219.78 feet to a point, the True Point of Beginning of the parcel described herein; thence N. 06°00'00" W., for a distance of 42.43 feet to a point; thence N. 51°00'00" W., for a distance of 31.00 feet to a point; thence N. 39°00'00" E., for a distance of 37.00 feet to a point; thence N. 51°00'00" W., for a distance of 465.25 feet to a point; thence N. 00°06'48" W., for a distance of 65.74 feet to a point; thence S. 89°59'00" E., for a distance of 663.23 feet to a point; thence S. 39°00'00" W., for a distance of 257.38 feet to a point, thence S. 51°00'00" E., for a distance of 123.23 feet to a point; thence S. 39°00'00" W., for a distance of 37.00 feet to a point; thence N. 51°00'00" W., for a distance of

Law Office
JOHNSON, CHRISTENSEN & GLASS
A PROFESSIONAL CORPORATION
1000 AIRPORT HEIGHTS ROAD, SUITE 200
ANCHORAGE, ALASKA 99514
(907) 571-8411

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Handwritten notes and signatures at the bottom right of the page.

200315

19.00 foot to a point; thence S. 39°00'00" W., for a distance of 241.00 feet to a point; thence N. 51°00'00" W., for a distance of 52.00 feet to the True Point of Beginning.

DATED this 28th day of December, 1977, at Anchorage, Alaska.

TEAMSTERS' LOCAL 959 BUILDING CORPORATION

By [Signature]

STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 28th day of December, 1977, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Jesse L. Carr, the Secretary of TEAMSTERS' LOCAL 959 BUILDING CORPORATION, a corporation organized and existing by virtue of the laws of the State of Alaska, known to me to be the person who executed the above instrument and who acknowledged that the seal affixed thereto is the corporate seal of said organization, and that the said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first hereinabove written.

[Signature]
Notary Public in and for Alaska
My Commission expires January 17, 1980

CONSENT

The undersigned Assignee by and through its duly authorized agent, does hereby consent to the above and foregoing assignment.

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

By [Signature]

STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 28th day of December, 1977, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Ernest E. Webb, the Administrator of THE ALASKA HOSPITAL AND MEDICAL CENTER, INC., a corporation organized and existing by virtue of the laws of the State of Alaska, known to me to be the person who executed the above instrument and who acknowledged that the seal affixed thereto is the corporate seal of said organization, and that the said instrument was signed and sealed on behalf of said corporation

Law Offices
JOHNSON, CHRISTENSEN & OLAVE
A PROFESSIONAL CORPORATION
1500 ALASKA CENTER DRIVE, SUITE 104
ANCHORAGE, ALASKA 99501
(907) 562-4411

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Notary Public in and for Alaska
My Commission expires

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J. J. [unclear] 1980

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STARTING FILE		1				
POINT	QUAD	BEAR	ANGLE	DISTANCE	NORTHING	EASTING
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INV 45	NW	56 57	39.6	51.972	10178.066	9086.170'
INV 27	NW	6 0	0.0	42.430	10218.801	9045.802
INV 28	NW	51 0	0.0	31.000	10252.999	9041.367
INV 29	NW	39 0	0.0	37.000	10272.508	9017.275
INV 30	NE	51 0	0.0	465.250	10301.262	9040.500
INV 38	NW	0 6	48.0	65.740	10594.053	8670.993
INV 39	NW	89 59	40.0	663.230	10659.793	8678.863
INV 40	SE	39 0	0.0	257.380	10659.729	9342.093
INV 41	SW	51 0	0.0	123.230	10457.707	9180.119
INV 42	SE	39 0	0.0	37.000	10282.156	9275.886
INV 43	SW	51 0	0.0	19.000	10353.422	9252.602
INV 44	NW	39 0	0.0	241.000	10365.359	9237.836
INV 45	SW	39 0	0.0		10178.066	9086.170

AREA 161678 SF 3.7116 ACRES

Awaya Hospital

HCR

43

HOUSE CONCURRENT RESOLUTION NO. 43

"A resolution endorsing the concept and requesting implementation of the Indian Child Welfare Act of 1978."

House Concurrent Resolution No. 43 resolves that the legislature endorse and support the concept and policy of the Indian Child Welfare Act of 1978 (P.L. 95-608) and urgently request the Governor to direct the Department of Health and Social Services to promptly take steps necessary for implementation of the Act in Alaska.

The Department strongly supports the Indian Child Welfare Act of 1978 and certainly supports the legislature's endorsement and support of the Act. The Department, however, questions the necessity for the resolve number two in HCR No. 43. The Department has been actively involved in implementing the Act since its passage in November 8, 1978. During 1979 the Department has taken numerous steps towards full implementation of the Act (report attached).

RECOMMENDED BY:

John B. ...
for Art Holmberg, Director
Division of Social Services

DATE: 2/5/80

APPROVED BY:

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

DATE: 2/5/80

REPORT ON IMPLEMENTATION OF THE INDIAN CHILD WELFARE ACT

The Department of Health and Social Services has been quite active since the passage of the Indian Child Welfare Act in working towards full implementation. As early as February 13, 1979 Department representatives met with the Area Director of BIA and representatives from various native non-profit corporations to begin mapping out strategies and procedures necessary for implementation. In early March Department Representatives met with the BIA contractors to further discuss implementation. On March 7, 1979 the Department testified at hearings held in Juneau regarding the first draft of federal regulations (testimony attached). These regulations were finally published as proposed regulations on April 23, 1979 and were not finalized until July of 1979.

During this interim period before finalization of the implementing regulations the Department's Regional Social Services Managers met with representatives of the native non-profit organizations as well as various village and IRA council leaders to discuss the Act and to begin informal working procedures. The Managers also met with court personnel and the attorney general's offices to establish appropriate court procedures. The Social Service's Field Director met with Art Snowden, the Court Administrator, his staff, the BIA Social Services Director, and the BIA Counsel to further work toward state-wide development of court procedures. As a result of this meeting the Court Administrator agreed to include a letter summarizing the Act in the next mailing to the Alaska Bar members.

Since the finalization of regulations the Department has not only attempted to comply with the formal procedures established by the regulations but has developed many cooperative projects for furthering the implementation of the Act. For example, the Division of Social Services has been working with Tanana Chiefs and United Crow Band on locating, studying, and licensing native foster homes. Similar projects have also been operating in Fairbanks (Fairbanks Native Association) and in Southeast Alaska (Tlingit-Haida). The Division also held a two day training session in Anchorage on Oct 8 & 9, 1979 on the Indian Child Welfare Act. The trainer was Bert Hirsh, one of the original drafters of the law. All the native non-profit organizations as well as state and private agencies were invited to attend. Finally, the Division's training director by request of the native non-profit in the Bethel area provided a training session in Bethel.

These are just some of the examples of the cooperative efforts that have been initiated state-wide. It should be noted however that the Department has supported the concepts embodied in the Indian Child Welfare Act before its passage in 1978. In fact the Department supported a change in 47.10.230 (Powers and duties of Department over care of child) which made placement with blood relatives mandatory if they requested custody.

The intent of this statute was to provide for placement of children in surroundings which meet their social and cultural needs.

The Department has attempted to implement this statute to the fullest extent possible. It has been very successful in areas such as Nome and Bethel but less successful in larger cities such as Anchorage, Fairbanks, and Juneau. For example, 10 years ago 92% of all native children placed for adoption were placed in non-native homes. This has been completely reversed. Presently 75% of the native children placed for adoption are placed in native homes. The only exceptions being some severely handicapped children who have special medical needs and some native children who have been in long term foster care with a non-native family. In addition, in the Nome Region in 1969 all but two Eskimo children were in non-native foster homes. Today in Nome the figures are: 32 native children in native homes and 7 in non-native homes. In the Bethel Region there are 42 native children placed in foster homes. All are placed in native foster homes. However, the placements of native children in native foster homes are significantly lower in the larger cities with Anchorage having the lowest percentage (20 out of 127 native children are in native foster homes). The Department has been working diligently to improve the situation. As noted earlier Tlingit-Haida and Fairbanks Native Association have had foster home finding projects in Juneau and Fairbanks respectively. The Department has supported and worked closely with the staff of these projects. However, the success has been limited.

In summary the Department has been supporting the concepts of the Indian Child Welfare Act for a number of years. It had implemented certain policies consistent with the Act prior to its passage. In addition the Department, has worked diligently to develop formal procedures to implement the Act as well as numerous cooperative projects. The Department realizes there is still much to be accomplished and certainly agrees to continue its present efforts of implementation and to increase its efforts whenever necessary.

PUBLIC HEARING ON THE INDIAN CHILD WELFARE ACT (PL 95-608)

TESTIMONY:

The Department of Health and Social Services appreciates the opportunity to testify at these hearings. We thank the National American Indian Court Judge Association and Tlinget-Haida Central Council for sponsoring and coordinating this public hearing which provides Alaskans a chance to speak out on such important legislation as the Indian Child Welfare Act.

The Department strongly supports the purpose of the bill which is to protect the best interests of native children and to promote the stability and security of native tribes and families by the establishment of minimum federal standards for the removal of native children from their families and the placement of such children in foster or adoptive homes which will reflect the unique values of native culture. We will diligently work to achieve this purpose and to meet these standards. This is in keeping with the revisions of the Alaska Children's Code passed in 1977. We fully recognize that implementation of both these acts will entail maximum cooperation between the Department, the various organizations representing native Americans and the Federal government. Only through cooperation will we be able to accomplish the tasks necessary to implement these legislative mandates.

The Department is particularly concerned about the fact that the draft regulations only address two areas of Title I: notification and payment for appointed counsel. There are many other areas in Title I that need clarification through regulations, particularly notification procedures (Sec. 102(a)), active efforts to provide remedial and rehabilitative programs designed to prevent the break-up of the Indian family (Sec. 102(d)), confidentiality of information regarding both parents and child (Sec. 102(a) and Sec. 105(c) and (f)), definition of qualified expert witnesses (Sec. 102 (e) and (f)), procedures for informed consent (Sec. 103 (a)). The Department would appreciate an opportunity to comment on these proposed regulations once they are drafted.

In conclusion, the Department is concerned with the best interest of all Alaskan children. The programs for children in Alaska have been struggling due to an ever decreasing commitment of resources. In this International Year of the Child, all organizations interested in the welfare of children need to cooperate to enable this landmark legislation, the Indian Child Welfare Act, to be implemented.

*This letter sent to
all members of House
& Senate*

APR 26 1979

The Honorable Clem Tillion
Alaska State Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Tillion:

The Indian Child Welfare Act was signed into law in November, 1978. The regulations implementing this law are scheduled for completion sometime in June. Due to the significant impact this law will have on the Department's operations, I wanted to take this opportunity to give each of you a brief summary of the Department's activities regarding its implementation and a review of some of the most significant changes which will result from its passage.

The Department has been quite involved in the developments concerning the implementation of this Act in Alaska. As recently as March 7th, one of my staff and a member of the Attorney General's Office testified at a hearing concerning the proposed federal regulations. In addition, Department representatives have met with the Bureau of Indian Affairs and with various native non-profit organizations to discuss and plan the process of implementation. Further meetings with these organizations are planned and the Department is in the process of developing agreements with some of the organizations.

In relation to specific change, the Indian Child Welfare Act does alter existing procedures for both adoptions and foster child placements of native children. The area of adoptions is addressed in Sec. 103 of the Indian Child Welfare Act. This section requires voluntary relinquishments of the parental rights of parents of native children to be "executed in writing and recorded before a judge's certificate that the terms and

consequences of the consent were fully explained in detail and were fully understood by the parent or Indian custodian." Presently, the Division of Social Services' procedure is that "if there is no active child in need of aid case before the court, the relinquishment may be taken before a social service worker of the Department." In addition, Sec. 103 mandates that "any consent given prior to, or within ten days after birth of the Indian child shall not be valid." Once again this will result in significant change for the Division of Social Services. The Division's policy, as stated in the manual, is that "a relinquishment may not be taken prior to 48 hours following the birth of a child." Finally, Sec. 103 states that "the consent of the parent may be withdrawn for any reason at any time prior to the entry of a final decree of termination of adoption, as the case may be, and the child shall be returned to the parent." Under present Alaskan statutes, the parents have 10 days to withdraw the relinquishment. After the 10 day period, the parents must show good cause for withdrawing consent.


In regard to foster placement, the Indian Child Welfare Act addresses both custody proceedings (Sec. 102) and placement (Sec. 105). In Sec. 102(d) the Act states that "any party seeking to effect a foster care placement, or termination of parental rights to an Indian child under state law, shall satisfy the court that active efforts have been made to provide remedial services and rehabilitative programs designed to prevent the break-up of the Indian family and that these efforts have proved successful." The Act goes on to state in Sec. 102(e) that "no foster care placement may be ordered in such proceedings in the absence of a determination supported by clear and convincing evidence, including testimony of qualified expert witnesses, that the continued custody of the child by the parent or Indian custodian is likely to result in serious emotional or physical damage to the child." The standard of proof that the Indian Child Welfare Act establishes for foster placements is higher than present state law. Under present law a preponderance of the evidence is required and there is no requirement for testimony from expert witnesses.

Sec. 105(b) of the Act establishes an order of preference for placement of native children: (1) a member of the child's extended family; (2) a foster home licensed or approved by the Indian child's tribe; (3) an Indian foster home licensed or approved by an authorized non-Indian licensing authority; or (4) an institution for children approved by an Indian tribe or operated by an Indian organization which has a program suitable to meet the Indian child's needs. The Division's policy now in effect requires workers to give consideration to placement with relatives before exploring other alternatives. This Act, however, states that "a preference shall be given in the absence of good cause to the contrary" to the order of placement delineated above. To accomplish this the Department and the native organizations in the state must develop ongoing cooperative efforts, particularly in the area of the finding and licensing of foster homes.

These are just a few of the changes which will result from the Indian Child Welfare Act. There are many other anticipated changes in the area of court proceedings. Due to the fact that the federal regulations have not been published, the Department cannot determine the total impact of this Act. The Department is working with the Attorney General's Office to develop an implementation plan.

If you have further questions, please feel free to contact my office.

Sincerely,



Helen D. Beirne
Commissioner



CENTRAL COUNCIL
Tlingit and haida Indians of Alaska
One Sealaska Plaza - Suite 200
Juneau, Alaska 99801
(907) 586-1432 or 586-3613

February 7, 1980

Thelma Buchholdt, Chairperson
Health, Education and Social Services
Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Buchholdt:

The Central Council, Tlingit and Haida Indian Tribes of Alaska supports House Concurrent Resolution No. 43, "A resolution endorsing the concept and requesting implementation of the Indian Child Welfare Act of 1978." We believe that legislative recognition and support of this act is essential to full implementation. We also believe that a directive to the Department of Health and Social Services regarding prompt implementation will facilitate the department's establishment of appropriate priorities concerning the act.

As a follow up to the resolution, a review of the existing Children's Code is necessary to identify areas of non-compliance with the Indian Child Welfare Act. Then any statutes found to be in non-compliance should be corrected with appropriate legislation.

Thank you for giving your support and attention to this issue of great concern to Alaska Native families.

Sincerely,

CENTRAL COUNCIL, TLINGIT AND
HAIDA INDIAN TRIBES OF ALASKA

Raymond Paddock, Jr.
President

	Name	Address and Phone	Organization/Self	For/Against or Observing
page 2 ✓ ^{1/}	Emma D. Gudmack	P.O. Box 1492 Juneau	Grand Camp 1st Vice President Alaska Native Sisterhood	For
2/	Joanne Riley	P.O. Box 591 Douglas	ANB-ANS Johnson O'Malley	For/Observing
① 3/	John Pugh	Division of Social Services Pouch H-05	H + SCS	For
page 13 ✓ ^{4/}	Jennifer R. Deans	278-4641 1057 W. Firwood Lane	Cook Inlet Native Assn. AK Nat. Child Welfare Task Force	For
page 14 ✓ ^{5/}	Brenda Knapp	One-Ashtara Plaza - Suite 200 Juneau, AK 99801	Central Council, Aleutian Native Indian Wives of Alaska	For
✓ ^{6/}	David Kofch	2246, Box 6245	Citizen Juneau, AK 99803	For
7/	Mary A. Johns	Juneau	Cheyenne Sioux Tribe Self	For
8/	Lester Clark	Sitka	self	For
9/	Eleanor Dutz		Alaska Native Sisterhood	
10/	Marie Osterback	Sand Point		
11/	Herald Osterbant	BIA		
12/				
13/				

HJR

19

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S - JUNEAU 99611

March 6, 1979

The Honorable Thelma Buchholdt
Chairman
House Health, Education & Social
Services Committee
Room 112 - Capitol Building
Juneau, Alaska

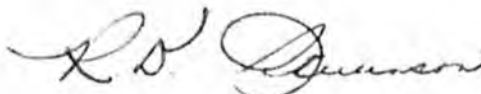
Re: House Joint Resolution No. 19

Dear Representative Buchholdt:

House Joint Resolution No. 19, proposing an amendement to the Constitution of the State of Alaska relating to tax credits for tuition expenses, was introduced in the House on February 15, 1979 and was referred to the House Health, Education & Social Services and Judiciary Committees.

For the consideration of the House Health, Education & Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Gary Jenkins, Director, Audit Division, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Charles Parr
Chairman
House Judiciary Committee

John Messenger
Commissioner
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill Resolution No. House Joint Resolution No. 19

Title An amendment to the Constitution of the State of Alaska relating

Requested by H.E.S.S. & (to tax credits for tuition expenses 3/2/79
Judiciary Committees

II. FISCAL DETAIL

Agency Affected Revenue
Program Category Affected Fiscal Services
Budget Request Unit(s) Affected Audit Division

EXPENDITURES (Thousands of Dollars) None

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (SPECIFY)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

See memo dated 3/2/79 to R. D. Stevenson.

IV. DATE March 2, 1979

PREPARED BY *Harry L. Jenkins*
AGENCY Department of Revenue, Audit Division
PHONE 465-2320

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

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: March 2, 1979

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: House Joint Resolution No. 19

This resolution would provide for an amendment to the constitution of the State of Alaska whereby the Legislature would be directed to provide a tax credit for tuition paid to all "nonsectarian" educational institutions in the State. In considering this resolution, the Legislature should be aware of two items which appear to be in conflict with the several proposed tax credit bills that have been introduced this year. There are two limiting provisions in the proposed constitutional change. First of all, the credit would be available for payments only to nonsectarian educational institutions, which would eliminate all schools operated by a religious organization. Secondly, it would limit the payments to institutions in the State of Alaska. The current proposed tuition credit bills would allow the credit regardless of where the institution is located.

HJR

29

BACKGROUND MATERIALS
RELATING TO
HJR 29: REQUESTING CONGRESS
TO
PERMIT WORKFARE PROGRAMS

Compiled by:

Deborah E. Behr
Policy Analyst
Legislative Affairs Agency
Research Division

April 12, 1979

MEMO

WORKFARE PROGRAMS FOR AFDC ADULT RECIPIENTS
AND POTENTIAL BENEFITS TO ALASKA IF WORKFARE PROGRAMS
WERE PERMITTED UNDER FEDERAL LAW

The rising costs of welfare have been a source of concern for many Alaskan taxpayers. Welfare costs for cash, food, medical, and social assistance have more than tripled in the most recent eight-year time period. Workfare programs are an outgrowth of a desire by some taxpayers to require that needy able-bodied adult recipients be required to work in exchange for their welfare assistance.

The largest cash assistance program in Alaska is the Aid to Families With Dependent Children (AFDC) Program. AFDC is anticipated to provide over \$23 million dollars in aid to over 6,000 needy eligible Alaskan families in Fiscal Year 1980. Each family is anticipated to receive an average of \$325 a month to cover the costs of housing, fuel, clothing, utilities, and other life necessities. If one were to divide that total \$23 million figure by the state's projected FY '80 population, an annual cost of more than \$50 per Alaskan would result. That \$50 reflects only the cost of the grants and does not include the cost of administration, eligibility determination, related social services, covered medical assistance, and food stamps. It must be kept in mind, though, that the \$50 figure includes the 50 percent funding by the federal government. Alaskans are federal taxpayers too; thus federal dollars spent indirectly affect the individual Alaskan's pocketbook, as well.

Many taxpayers in Alaska and elsewhere have expressed a concern regarding the rising AFDC caseload and expenditures that are occurring in most states due to the high unemployment and high costs of living. Some of the taxpayers are asking that able-bodied AFDC adults be required to work in exchange for their welfare assistance. Many governmental units on state or local basis are seriously examining requiring adult recipients who are not employed or disabled to do public service work as a condition of receiving their welfare checks.

Other States and Workfare

Alaska is not the only state that has expressed an interest in imposing AFDC workfare requirements. In September of 1978, Jay Rowen of the U.S. Department of Labor prepared an informal memorandum on this topic. Mr. Rowen noted that the following 20 states, or communities within these states, have taken the initiative regarding AFDC workfare requirements.

They are:

1. Alaska
2. Colorado
3. Connecticut
4. Florida
5. Idaho
6. Kentucky
7. Maine
8. Massachusetts
9. Michigan
10. Mississippi
11. New Hampshire
12. New Jersey
13. New Mexico
14. New York
15. North Carolina
16. Oregon
17. Pennsylvania
18. Tennessee
19. Utah
20. Wisconsin

(The memorandum detailing each state's actions regarding workfare programs is included in the attached notebook.) These 20 states expressed an interest in mandatory "workfare" requirements be imposed on AFDC clients even though federal law does not presently allow this.

Workfare in Utah

Probably the most publicized workfare experiment is currently being conducted in Utah. Utah's Work Experience and Training (WEAT) Program was originally designed to be a "workfare" program where recipients would work off their grants at one hour for each \$1 of aid to a specified maximum. Through time, and in response to federal pressures as well as actual program experience, it was found that the original approach was not effective. The make-work public projects, although keeping clients busy, did not provide them with the necessary job skills and work experience needed for future employability. People simply were not getting off assistance as a result of the WEAT participation. And since the WEAT jobs were seen as make-work, dead-end projects, resentment among the clients is high. Utah thus began to restructure its WEAT program to focus on sheltered work experiences. Thus, all persons who were required to register for WIN but for whom a WIN placement was not available were also required to register for WEAT. WEAT, unlike WIN, is entirely operated by the state welfare department. The eligibility workers develop WEAT project sponsors among public and private non-profit agencies. WEAT registrants are assigned to an available sponsor where they work for no pay three days a week with the remaining two days set aside for job search or job skill improvement activities. Failure to perform acceptably on the work project without a valid excuse could result in the mandatory registrants' ineligibility for assistance.

The welfare rights organization in Utah planned to sue the state over the mandatory features of the program. Participants voiced objections that they did not want to jeopardize the existence of the program and the suit was dropped. The organization now is working for improvements in WEAT. Similarly, the Tribal Council of the San Juan County Navajo Reservation also vigorously objected to federal attempts to have the WEAT program there removed. These clients found that WEAT was more successful for them than WIN, for WEAT could offer a more personal, less demanding environment, than the formal work and training program of WIN. This was especially true for clients with low skills or no job history.

The success of the WEAT program in Utah is due in large part to the uniform attitude found throughout the state. The recipients, the sponsors, the legislature, and the general population share a common work ethic that all able-bodied persons should work. State officials stress the importance of training or finding employment for welfare recipients as soon as possible after application. It is their experience that the greater the wait for WIN or WEAT placement, the less chance for success. Utah has a low unemployment rate (less than six percent) so that, once trained, the chances for employment are good. A major problem still remains in the inadequacy of appropriate long-term training and support services coupled with the fact that many welfare clients may, in fact, never be able to enter competitively into private sector employment. Also, lack of enough licensed day care facilities are also beginning to provide significant barriers to employment for welfare mothers.

Despite WEAT's apparent success in Utah, HEW officials have consistently opposed efforts toward similar programs in other states. Utah's program was implemented at a time when federal policies were unclear, and support within the state was nearly unanimous. These favorable conditions do not exist for other states.

WIN

The federal government currently permits only one job placement and training program for AFDC recipients that program is called WIN.

WIN stands for the Work Incentive Program and was instituted in Alaska in 1968. It is the principal manpower program aimed at assisting AFDC recipients to find and retain jobs. Under provisions of the Federal Social Security Act, any able-bodied member of an AFDC family who is 16 or more years of age, not in school and not otherwise needed to care for a disabled person in the home, must participate in the program as a condition of receiving his or her AFDC grant. AFDC recipients with pre-school children are not required to participate in WIN. WIN provides both manpower (counseling, training, and placement) and support services, subject to its funding limitations. Both administrative and assistance costs are funded 90 percent by the federal government and 10 percent by the state government. Federal participation is subject to a national ceiling with an individual state share based on a intricate formula related to performance and AFDC caseload size. The total national federal authorization for WIN has not been increased since 1968.

Alaska, because of its minimal AFDC program (the state has opted not to operate an unemployed father program), has a small welfare population in comparison to highly-populated urban states with comprehensive AFDC coverage, such as California. Alaska must compete with these states, which automatically receive large appropriations despite the degree to which they effectively penetrate the AFDC caseload. Also, Alaska's share of WIN funds does not take into account the state's higher cost of living. Today, due primarily to funding constraints, WIN offices are open only in Anchorage and Juneau (which serves Southeast Alaska).

WIN and Workfare

Due to WIN, AFDC, and other federal requirements, workfare programs other than WIN, are generally not permitted, except as approved demonstration grants. Federal funding to the state would be jeopardized if the state were to implement a workfare program not approved by the federal government. Louis Weissman, HEW Acting Assistant Regional Commissioner for the Office of Family Assistance, testified before House HESS Committee on March 16, 1978, stating that requiring individuals to work off, or work for, AFDC assistance is inconsistent with AFDC program requirements. Implementation of a workfare system for AFDC recipients would jeopardize federal funding, except as part of an approved federal demonstration project. In a letter to Gregg Erickson, Director of Legislative Research Services, dated September 28, 1978, Bernard E. Kelly, Regional HEW official, confirmed that the federal position remained unchanged. Mr. Kelly's letter notes the "sanctions range from the withholding of specific amounts of money to the disallowance of all federal financial participation for AFDC." Federal funding in other related programs, such as WIN, Title XX, and Medicaid, may be affected, as well by the implementation of a workfare program not approved by the federal government.

HJR 29 and Benefits to Alaska

HJR 29 urges Congress to amend federal law to allow workfare programs for able-bodied AFDC adult recipients. It also requests the legislatures in the other states to pass similar resolutions, so that Congress will be aware that many states, not just Alaska, are interested in this proposed change in federal law.

The benefits of workfare programs commonly cited are:

- 1) Mechanism for removing able-bodied adult recipients from AFDC rolls who refuse to work for their assistance;
- 2) Provision of needed services to society that would cost additional state tax dollars; and
- 3) Promotion of client dignity, self-esteem and responsible work attitudes by allowing clients to work for their assistance as a paycheck, rather than just receiving a welfare "hand-out".

In conclusion, it is important to note that the resolution, if passed, only expresses Alaska's interest in the federal law change. Although

this paper does not address the problems regarding actual implementation of workfare programs or effect on the clients, further action by the legislature would be necessary at a later date to authorize and fund a workfare program. At that time, the costs and merits of the particular workfare programs permitted by Congress could be discussed and reviewed for their appropriateness for Alaska.

• HEW
TESTIMONY
ON

• WORKFARE

MINUTES OF HOUSE

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

March 16, 1978

The meeting was called to order at 3:05 P.M. by Chairman Parr. Present was: Mr. Beirne, Mr. Phillips, Mr. Chatterton, Mr. Bennett, Mr. Cotten, Mr. Nakak, Mrs. Buchholdt and Mr. Cse.

Mr. Parr stated House Bill's 410, 415, 891, 493 and SSNB 665, all bills dealing with University of Alaska re-organization, were on the agenda for today. Before discussing the University of Alaska bills, Mr. Dick Wilson introduced Mr. Louis Weissman, Acting Assistant Regional Commissioner, from the Division of Health, Education and Welfare in Seattle, Washington, to speak to the Committee regarding HB 840.

Mr. Weissman spoke from a prepared testimony. Copies were made available to the committee. He stated HB 840 would establish work requirements for recipients of public assistance. Mr. Weissman stated the work requirements under the federal law and regulations. He also told the committee that enactment of HB 840 as it is now written would be inconsistent with the Social Security Act and Federal Regulations. He said enactment of the proposed bill would result in a compliance issue with the State of Alaska's Public Welfare Division and could place the federal financial participation dollars at risk.

Next to be taken up were the University of Alaska re-organization bills. Mr. John Schaeffer, member of the Board of Regents was first to testify. Mr. Schaeffer testified, that given more time he feels that the University of Alaska can correct its own problems. He stated once the financial problems have been corrected, they can begin to address other issues. Mr. Schaeffer also stated that of all proposed legislation, HB 891 would best fit the University of Alaska's needs.

Mrs. Sharilyn Kumaw, student regent University of Alaska, was next to speak. Mrs. Kumaw did not offer testimony but answered questions asked to her by the committee.

Next to testify was Mr. Mason West, President Alaska Community Colleges Federation of Teachers Anchorage. Mr. West stated that ACCFT fully supports HB 410 which advocates total separation of the community colleges from the University of Alaska. He stated they wish to be responsible and responsive to the state legislature, they wish to be accountable for all dollars requested and expended by the community colleges and they wish to provide academic programs that provide students with a quality education by implementing a 5 year plan that is comprehensive, integrated and distributed to all concerned.

No action was taken on these bills today, they will be before the committee again tomorrow.

Meeting adjourned at 4:50 P.M.

REGION
ARCADE PLAZA BUILDING
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SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE REGIONAL
COMMISSIONER

TESTIMONY REGARDING ALASKA HOUSE BILL NO. 840
MARCH 16, 1973

ALASKA HOUSE BILL NO. 840 WOULD ESTABLISH WORK REQUIREMENTS FOR RECIPIENTS OF PUBLIC ASSISTANCE. INCLUDED AMONG THESE RECIPIENTS WOULD BE CERTAIN PERSONS WHO ARE RECIPIENTS OF BENEFITS UNDER TITLE IV-A OF THE SOCIAL SECURITY ACT, KNOWN COMMONLY AS AID FOR FAMILIES WITH DEPENDENT CHILDREN OR AFDC.

WORK REQUIREMENTS IN RELATION TO THE RECEIPT OF ASSISTANCE UNDER THE FEDERALLY AIDED AFDC PROGRAMS HAVE BECOME A MATTER OF CONSIDERABLE PUBLIC INTEREST.

THE WORK ETHIC IS WELL ESTABLISHED AS A PART OF OUR NATIONAL LIFE. THE NEED AND WISH TO BE ECONOMICALLY PRODUCTIVE MAKES UNEMPLOYMENT A MAJOR PROBLEM IN TODAY'S SOCIETY. IT IS NOT ONLY THOSE WHO ARE POORLY EQUIPPED WHO HAVE DIFFICULTY IN FINDING EMPLOYMENT, MANY WHO ARE WELL EDUCATED AND TRAINED WITH VARIOUS SKILLS ARE ALSO FINDING THEMSELVES IN THE LINES TO CLAIM UNEMPLOYMENT COMPENSATION BENEFITS AND ON THE WELFARE ROLLS FOR VARYING LENGTHS OF TIME. IN ADDITION THERE ARE THE YOUNG PEOPLE WHO ARE SEEKING FOR THE FIRST TIME TO ENTER THE LABOR MARKET WHO ARE UNABLE TO FIND WORK AND THUS SEEK WELFARE AID.

THERE ARE NO DATA TO ESTABLISH THAT PERSONS SEEKING OR RECEIVING WELFARE AID ARE ANY LESS ANXIOUS TO WORK THAN ARE OTHER PERSONS.

WORK REQUIREMENTS UNDER FEDERAL LAW AND REGULATIONS

TITLE IV-A OF THE SOCIAL SECURITY ACT IMPOSES TWO DIFFERENT SETS OF PENALTIES, ONE FOR UNEMPLOYED FATHERS AND ANOTHER FOR ALL OTHER PRESUMED EMPLOYABLES UNDER THE WIA PROGRAM, FOR REFUSING TO REGISTER FOR EMPLOYMENT, REFUSING BONA FIDE OFFERS OF EMPLOYMENT OR TERMINATING WORK WITHOUT GOOD CAUSE.

THE AID FOR FAMILIES OF DEPENDENT CHILDREN UNEMPLOYED FATHERS PROGRAM (AFDC-UF) IS AN OPTIONAL PROGRAM AND ONE IN WHICH THE STATE OF ALASKA HAS DECLINED TO PARTICIPATE.

UNDER SECTION 407(b)(1) OF THE ACT AND 45 CFR 233.100(a)(5) THE ENTIRE FAMILY OF AN UNEMPLOYED FATHER MAY NOT RECEIVE AFDC IF THE FATHER HAS WITHOUT GOOD CAUSE, WITHIN A 30 DAY PERIOD, REFUSED A BONA FIDE OFFER OF EMPLOYMENT OR TRAINING FOR EMPLOYMENT.

I MENTIONED THE SANCTION PROVIDED UNDER THE AFDC-UF PROGRAM TO ILLUSTRATE THAT FEDERAL LAW DOES REQUIRE EMPLOYABLE FATHERS TO ACTIVELY SEEK EMPLOYMENT AS A CONDITION OF RECEIPT OF BENEFITS. ALASKA HOUSE BILL 840 WOULD NOT AFFECT THE TREATMENT OF EMPLOYABLE MALES INsofar AS RECEIPT OF FEDERALLY MATCHED WELFARE BENEFITS IS CONCERNED BECAUSE THE STATE HAS NOT ELECTED TO ASSIST THEM UNDER ANY CONDITIONS. HOWEVER, ALASKA HAS BEEN PROVIDING VENDOR PAYMENTS TO THIS GROUP SINCE OCTOBER, 1977 WHEN THE GENERAL RELIEF PROGRAM WAS CHANGED DUE TO COMPLAINTS BY LEGAL AID. I UNDERSTAND THAT THESE PAYMENTS WILL BE TERMINATED SHORTLY.

UNDER SECTION 402(a)(19)(F) THE NEEDS OF ANY INDIVIDUAL WHO FAILS TO PARTICIPATE IN THE WIN PROGRAM OR TO HAVE REFUSED EMPLOYMENT WITHOUT GOOD CAUSE ARE NOT TO BE TAKEN INTO ACCOUNT IN DETERMINING THE NEED OF THE FAMILY AND THE AMOUNT OF THE AFDC ASSISTANCE PAYMENT; ASSISTANCE MUST BE FURNISHED TO THE OTHER ELIGIBLE MEMBERS IN THE FORM OF PROTECTIVE OR VENDOR PAYMENTS TO OTHER THAN THE REFUSING MEMBER. IF AN INDIVIDUAL WHO IS A RELATIVE OTHER THAN THE UNEMPLOYED FATHER RECEIVING AFDC REFUSES WITHOUT GOOD CAUSE TO PARTICIPATE IN THE WORK INCENTIVE PROGRAM OR TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT IN WHICH HE IS ABLE TO ENGAGE, HIS NEEDS ARE REMOVED FROM THE AMOUNT OF ASSISTANCE OTHERWISE PROVIDED AND AFDC IS PROVIDED TO THE REST OF THE ASSISTANCE UNIT IN THE FORM OF PROTECTIVE OR VENDOR PAYMENTS OR AS FOSTER CARE. (45 CFR 234.60 AND 233.110).

IF SUCH INDIVIDUAL WHO REFUSES IS THE ONLY CHILD IN THE FAMILY, AFDC ASSISTANCE IS DENIED TO THE ENTIRE FAMILY. (45 CFR 224.51(a)(2))

THIS DENIAL OF AID TO THE REFUSING REGISTRANT IS NOT APPLIED DURING THE 60 DAYS IN WHICH THE INDIVIDUAL ELECTS TO RECEIVE COUNSELING OR OTHER SERVICES BUT AFDC ASSISTANCE IS PAID AS A PROTECTIVE OR VENDOR PAYMENT. (45 CFR 224.51(b))

HOWEVER, IF AN UNEMPLOYED FATHER FAILS TO REGISTER FOR WIN AND IS NOT EXEMPT FROM WIN REGISTRATION, THE ENTIRE FAMILY IS INELIGIBLE FOR AFDC (SECTION 407(b)(2)(C) OF THE ACT).

THE LAW SPECIFIES THAT EVERY INDIVIDUAL, AS A CONDITION OF ELIGIBILITY FOR AID UNDER THE AFDC PROGRAM MUST REGISTER FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT, AS PROVIDED BY REGULATIONS OF THE SECRETARY OF LABOR UNLESS SUCH INDIVIDUAL IS:

A CHILD WHO IS UNDER AGE 16 OR ATTENDING SCHOOL FULL TIME;

A PERSON WHO IS ILL, INCAPACITATED, OR OF ADVANCED AGE;

A PERSON SO REMOTE FROM A WORK INCENTIVE PROGRAM THAT HIS EFFECTIVE PARTICIPATION IS PRECLUDED;

A PERSON WHOSE PRESENCE IN THE HOME IS REQUIRED BECAUSE OF ILLNESS OR INCAPACITY OF ANOTHER MEMBER OF THE HOUSEHOLD;

A MOTHER OR OTHER RELATIVE OF A CHILD UNDER THE AGE OF 6 WHO IS CARING FOR THE CHILD; OR

A MOTHER OR OTHER FEMALE CARETAKER OF A CHILD IF THE FATHER OR ANOTHER ADULT MALE RELATIVE IS IN THE HOME AND NOT EXCLUDED FROM THE PROGRAM.

INDIVIDUALS WHO HAVE BEEN DETERMINED TO BE EXEMPT FROM REGISTRATION ON THE BASIS OF INCAPACITY ARE REFERRED TO THE APPROPRIATE STATE VOCATIONAL REHABILITATION AGENCY.

A MOTHER OR OTHER RELATIVE OF A CHILD UNDER THE AGE OF 6, WHO IS CARING FOR THE CHILD, IS ADVISED OF HER OPTION TO REGISTER IF SHE SO DESIRES, AND OF THE FACT THAT CHILD CARE WILL BE PROVIDED IF NEEDED. OTHER EXEMPTED INDIVIDUALS MAY REGISTER, SUBJECT TO ACCEPTANCE OF SUCH REGISTRATION BY THE SECRETARY OF LABOR.