

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1385 HESS HB 665 - HB 686

POSITION PAPER / Department of Health and Social Service

POSITION PAPER

HOUSE BILL NO. 665

"An Act relating to smoking in public places."

House Bill No. 665 adds to the "smoking in public places" statute additional locations that will be declared off limits to smoking.

Smoking is the single most important preventable cause of disease and is responsible for approximately 320,000 deaths annually in the U.S. It is associated with heart and blood vessel disease; chronic bronchitis and emphysema; cancers of the lung, larynx and other problems such as respiratory infections and stomach ulcers. The Department of Health and Social Services knowing this, and that even the involuntary or passive inhalation of cigarette smoke can precipitate or exacerbate symptoms of existing disease status such as asthma, cardiovascular and respiratory disease has mandated, and requires, strict enforcement of a policy that, pursuant to AS 18.35.300 - AS 18.35.330, prohibits smoking in elevators; meeting or public assembly rooms while a meeting or public assembly is in process; waiting rooms, restrooms, lobbies or hallways of health centers, health clinics, or laboratories; any room to which the public has access with respect to DHSS services when occupied by a member of the public.

The effect of this bill would be to further the Department's policy of health promotion and disease prevention through placing greater emphasis on environmental and occupational hazards. The bill is consistent with the program objectives of the department and should be enacted.

Recommended by:

*E. S. Rabeau*

E. S. Rabeau, M.D., Director  
Division of Public Health

Date:

1-22-81

Approved by:

*Helen D. Beirne*

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

Date:

1-25-82

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 665  
 Title "An Act relating to smoking in public places."  
 Requested by Commissioner's Office Date 1-18-82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services  
 Program Category Affected Health/Public 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Source)	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE 1-18-82 PREPARED BY David Bruce  
 AGENCY Health & Social Services  
 PHONE 465-3090  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) *James C. Clark, Chair of Dept. of Budget*  
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB-665

Title An Act relating to smoking in public places

Requested by Rogers and Miller

Date January 14, 1982

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected Environmental Sanitation

BRU, Program, Or Subprogram(s) Affected Environmental Quality Management

(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-0-					
200 TRAVEL	-0-					
300 CONTRACTUAL	-0-					
400 COMMODITIES	-0-					
500 EQUIPMENT	-0-					
600 LAND & STRUCTURES	-0-					
700 GRANTS, CLAIMS, ETC.	-0-					
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-					
FEDERAL FUNDS	-0-					
OTHER (Specify Source)	-0-					

POSITIONS

FULL TIME	-0-					
PART TIME	-0-					
TEMPORARY	-0-					

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

This Bill will have no fiscal impact on this agency. There will be no new positions required.

IV. DATE March 26, 1982

PREPARED BY Lynn H. Suksdorf

AGENCY Dept. of Environmental Conservation

Original: Legislative Finance  
cc: Budget and Management

PHONE 465-2643

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

ARS 665 / 3-26-82

Rogers

don allen, OK. Lung Assoc.

Joe geldhof Att. Tobacco Inst.

ARS 798

ARS 412

Buch

Dr Spence -- no org. program in state.  
OK. only state 5 health officer

John  
Ayers

H B  
672

# STATE OF ALASKA

JAY S. HAMMUND, GOVERNOR

## DEPARTMENT OF PUBLIC SAFETY

POUCHIN  
ROOM 312, GOLDSTEIN BUILDING  
JUNEAU, ALASKA 99811  
PHONE:

### COUNCIL ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT

MAR 9 1982

February 4, 1982

HOUSE BILL 672

POSITION PAPER

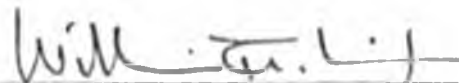
House Bill 672 is an act relating to domestic violence and amending the present statute.

The Council on Domestic Violence and Sexual Assault supports HB 672 and considers the amendments as they will give further protection to a victim of domestic violence.

The Council particularly supports the increase of the extension of time for a Temporary Restraining Order to 90 days as it then makes it more possible for the batterer to have received enough treatment to permit the family to be reunited while he continues treatment.

The Council also supports extending the period of time to 20 days as it frequently takes that period of time for valid decision making to be made when under stress.

The Council would like to request that a Letter of Intent be prepared to emphasize that ALL Peace Officers are expected to serve Temporary Restraining Orders.



William R. Nix, Chair

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 672  
 Title Act Relating to Domestic Violence  
 Requested by CLOCKSON, BETTISWORTH, ETC. Date 2/2/82

II. FISCAL DETAIL

Agency Affected Department of Public Safety  
 Program Category Affected Administration of Justice  
 BRU, Program, Or Subprogram(s) Affected Council of Domestic Violence & Sexual Assault  
 (Note: If more than one budget component is affected, separate line-items amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact on Council on Domestic Violence and Sexual Assault.

IV. DATE 2/2/82 PREPARED BY Betsy W. McGuire, Exec. Dir.  
 AGENCY Council on Domestic Violence & Sexual Assault  
 Original: Legislative Finance PHONE 465-4356  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

*BWM*

H B

670





The real thing, left, compared with imitations that have an equally deadly potential

## "Look Alikes": a New Drug Danger

*Fake amphetamines are not only lethal but legal—for now*

The 17-year-old girl in Belvidere, Ill., seemed to be just one more victim of an overdose of illegally obtained amphetamines. Police, finding the type of pills that allegedly killed her, thought they looked just like "black beauties," one of several forms in which amphetamines are sold. Analysis showed, however, that they were not amphetamines at all but a combination of substances commonly found in the cold remedies, diet and keep-a-awake pills sold over the counter in drugstores. The dead girl was a victim of the nation's latest drug danger: the "look-alike" pill.

Though they are made to mimic the appearance of the more expensive amphetamines, look-alike drugs contain no federally controlled substance (i.e., with a high potential of dangerous abuse). Their primary ingredients are caffeine, a stimulant; ephedrine, a vascular constrictor; and phenylpropanolamine (PPA), a chemical cousin of amphetamines. The danger lies not in the kinds of chemicals they contain but in the amount. Whereas the average diet-aid capsule may contain about 50 mg of PPA and between 100 mg and 200 mg of caffeine, a look-alike capsule can carry 50 mg of PPA and 200 mg to 500 mg of caffeine, which in heavy doses can cause heart or respiratory failure. Says Dr. John Spikes, an Illinois toxicologist: "People hear caffeine, and they think of a cup of coffee. You get between 50 mg and 100 mg in a cup of coffee. The people we're seeing using these drugs are taking ten to 20 pills at once." In other words, they can ingest the caffeine of dozens of cups of coffee in one gulp. In the past two years, look-alikes have been implicated in the deaths of at least 14 people in New York, Maryland, Michigan, New Mexico, California and Illinois.

For the small manufacturers and dealers who purvey look-alikes, the product

yields a lot of money with little legal risk. Says Lieut. Robert Long of the Massachusetts state police narcotics unit: "A dealer can buy about 1,000 look-alike pills for \$45 per jar, or approximately 4c each. Then he goes out to some eighth-grader and sells those same pills for \$2 apiece. Right off the bat he's making a profit of more than \$2,000."

Ads for mail-order look-alikes ("safe, effective and legal") have appeared in publications like *Cosmopolitan* and Chicago's *Reader* and in leaflets passed out at rock concerts and in schoolyards. Ironically, the only instance in which it is not legal to make or sell them is when a manufacturer or dealer claims they are real amphetamines. In that case he can be prosecuted for fraud, but sellers carefully label look-alikes as "stimulants" and often include warnings about maximum dosage. Says Lieut. Long: "Most of these guys are not going to make the mistake of claiming to have something they don't. They just let the kids think they have it."

Because the drugs are not mislabeled by the manufacturer the Food and Drug Administration, which is responsible for the safety and efficacy of drugs, can do nothing under present laws. Neither can the Drug Enforcement Administration, which applies laws only against illegal use of controlled substances. But the U.S. Postal Service has filed complaints against 39 mail-order companies, charging them with misrepresenting the safety of their products. Delaware was the first of several states to pass special statutes against look-alikes, known as "turkey" laws, so named because "turkey" is the street term for phony drugs. Probably no serious headway will be made, however, until the Federal Government finds a way to block the look-alike loophole with a uniform national law.

464, 465

6-14-252  
2/70

## 'Look-Alike' Drugs Sold In State, But It's Legal

SHBGN, PR.

The drugs are called "look-alikes" and they're just as dangerous, but they are legal, according to State Rep. Gervase Hephner, D-Chilton.

"These drugs are harmful and they should not be legal," Hephner argued.

JUN 10 1991

Concerned about the availability of substances that contain large amounts of caffeine, phenylpropanolamine and ephedrine sulfate, the lawmaker called on the State Council on Alcohol and Other Drug Abuse and the Attorney General to take definite, quick action.

"What's more," Hephner pointed out, "they are pushing these drugs through the mail now."

Citing a letter a constituent received in the mail from a Florida drug firm, Hephner stated, "These suppliers have to be stopped." The constituent, a tavern owner, received a letter advertising drugs and asking if he would like to become a distributor.

The letter pointed out that the tavern owner could buy a bottle of Ephedrine Speed for \$100 and sell it at a street value of \$1,000 per bottle. In describing its products, the company listed one drug as "the strongest" saying "it will raise the hair on your arms."

In addition, the company also said, "If you should need a certain stimulant that we don't carry in inventory, we will do our best to get it."

This is not the only instance of such selling tactics. Cars parked around the University of Wisconsin in Madison were leafleted with advertisements about street speed about the time students were taking finals, the lawmaker said. This was done by one of the three Wisconsin drug companies that use practices similar to the Florida firm to sell their dangerous products.

"The biggest problem is that these drugs are finding their way into our high schools and maybe even grade schools," Hephner said.

They appear to have very strong side affects, he stated. For example, in New Mexico and Illinois, special medical investigators have discovered approximately eight deaths related to these harmful substances.

"These were young people that died from strokes," Hephner said.

Since these are not controlled substances, many agencies feel powerless to act, he pointed out.

"This is nonsense," Hephner said.

If there is a fine line opening the way for these corrupt suppliers, let's sew it up. There is just too much at stake."



# Gary R. Goyke

State Senator  
19th  
District

Capitol Office  
28 South Capitol  
Madison, WI 53702  
(608)266-3520

Home Office  
404 W. Main St.  
Oshkosh, WI 54901  
(414)424-3477

Chairman  
Education and State Institutions  
Joint Committee on Tax Exemptions  
Council on Alcohol and Other Drug Abuse

July 29, 1981

TO: Members of the State Council on  
Alcohol and Other Drug Abuse

FROM: Senator Gary R. Goyke, Chairman

*GRG*

Since the Council was first alerted to the "look alike" drug trade in March of this year, staff have been working to analyze and prepare legislation to reduce and control this form of drug abuse.

On Friday, August 7, the Council will discuss and consider the look alike drug problem and various proposals for addressing that problem. Enclosed for your consideration is a discussion paper and a preliminary draft of my proposed look alike drug bill.

I hope that you will be in attendance and look forward to discussion of this important issue on Friday.

Enclosure

*Good background material*

RECEIVED

JUL 31 1981

LEGISLATIVE REFERENCE  
BUREAU

Controlling the "Look-Alike" Drug Trade:  
Problem, Analysis and Proposed Legislation

by

Senator Gary R. Goyke

RECEIVED

JUL 31 1981

LEGISLATIVE REFERENCE  
BUREAU

### Background

Earlier this year, the State Council on Alcohol and Other Drug Abuse was alerted to the growth of the mail-order wholesale "Look Alike" drug trade in Wisconsin. The Council, the Controlled Substances Board, the Bureau of Alcohol and Other Drug Abuse, the Attorney General's Office and individual legislators have received inquiries and complaints about imitation controlled substances, and the promotional materials and marketing techniques associated with these drugs. Recent reports of deaths, strokes and other serious medical problems associated with the use of "look alike" drugs indicate the need for immediate efforts to alert the public to the potential hazards of their use and enact legislation to prohibit or restrict their distribution.

### Facts

"Look alike" drugs are generally compounded from and contain legal, over-the-counter drugs procaine, phenylpropanolamine, caffeine, ephedrin and other uncontrolled substances which are manufactured to closely resemble or to be identical in appearance, taste, smell, texture, form and markings to legally manufactured or illegally available controlled substances such as cocaine, amphetamine, methamphetamine, and prescription tranquilizers.

Promotional materials for these imitation controlled substances appear in Wisconsin newspapers, shopping and entertainment guides, national magazines, direct mail advertisements and solicitations. Advertisements generally imply or directly state that these products are safe, legal, indistinguishable

from "the real thing" in appearance and comparable to the controlled substances they resemble in psychoactive, stimulant or depressive effect. Most solicit volume orders in multiples of 1,000 capsules or tablets. Some distributors imply or directly state that these products, which are offered for as little as 2 1/2c per tablet or capsule, may be resold for as much as \$2.00 each. (But, the same distributors advise, more profit can be made with faster turn-around, by reselling in quantities of 100 for 25c per tablet.) As advertised, these drugs are clearly intended to be resold in small quantities as or for controlled substances.

#### Hazards

Potential hazards of "look alike" drugs are two-fold: direct and indirect. Recent cases in other jurisdictions indicate direct associations between strokes, death, other serious medical consequences and the use of so-called "street speed" or "ephedrine speed", generally a combination of phenylpropanolamine hydrochloride, caffeine sulfate and ephedrine sulphate, alone or in combination with alcohol.

Direct medical consequences have also been associated with the use of cocaine look-alikes containing procaine, a drug which is not approved for human consumption under federal and state pure food and drug laws.

The indirect hazard resulting from use of "look alike" drugs is that persons accustomed to using imitation controlled substances in large dosages to obtain the desired effect are likely to ingest the same quantity of the actual controlled substance which is indistinguishable in price or appearance from the imitation, with serious and sometimes fatal results. Recent drug overdoses in other jurisdictions have been related to accidental purchase or substitution of "the real thing" for the accustomed imitation.

## The Law

"Look alike" drugs delivered by commercial distributors are generally manufactured, packaged, labeled and distributed in accordance with the requirements of the federal and state pure food and drug law. Current Wisconsin law (s. 450.04 Wis. Stats.) does not prohibit sale of over-the-counter drugs by any person, in any form, packaged or unpackaged, in any amount, to any other person. Thus, sale of "look alike" drugs, which contain over-the-counter substances cannot be controlled under present drug laws.

Eleven states have adopted or are considering adoption of legislation directed at controlling the "look alike" drug trade: Delaware, Minnesota, Colorado, Tennessee, South Dakota, Oregon, Connecticut, Maryland, Florida, Kansas and Oklahoma. Elements of the approaches taken in these states are included in the legislation proposed, below.

## Proposed Legislative Action

Attached are preliminary drafting notes for a bill which would:

1. Prohibit false, deceptive, misleading and undocumented drug advertising; provide injunctive relief, criminal penalties and cause for civil action for damages suffered as a consequence of violations. [ss. 100.186 proposed]
2. Prohibit delivery of a non-controlled substance which is represented to be:  
(a) a controlled substance or (b) of such nature, appearance or effect as to permit it to be resold or used as or for a controlled substance; providing penalties of \$5,000 to \$25,000 and one to 25 years imprisonment. [ss. 161.41 proposed].
3. Prohibit manufacture, sale or possession of devices for counterfeiting or producing imitation controlled substances; penalties up to \$30,000, or four years imprisonment or both [ss. 161.43(2)(b)].
4. Prohibit manufacture packaging and labeling of non-controlled substances

in forms which resemble or are identical to controlled substances;

Penalties: up to \$30,000, four years imprisonment or both [ss. 161.43(1)(c) proposed.]

5. Prohibit manufacture and sale of drugs or medicines of any kind by unlicensed persons, except for sales of proprietary medicines, aspirin or over-the-counter drugs in sealed packages, labeled to comply with requirements of federal and state pure food and drug law, with directions for using, and the name and location of the manufacturer; Penalties for unlicensed sale or manufacture, or sale by unlicensed persons of over-the-counter drugs in other than properly labeled, sealed packages: \$50-\$100, 30-90 days in jail (each offense) [ss. 450.04(3)(b), (d) proposed].

#### Discussion

The provisions of this proposed legislation would:

1. Permit the attorney general or district attorneys to act, through injunctions, to stop false, deceptive, misleading and undocumented drug advertising, whether or not the substances involved are actually delivered.
2. Permit action against manufacturers and distributors of look-alike drugs who manufacture or possess devices to manufacture, package or repackage counterfeit or imitation controlled substances, whether or not those substances were actually manufactured, sold or delivered.
3. Permit action against wholesalers and retailers (street sellers) of look alike drugs who represent those drugs to be controlled substances or to be of such nature, effect or appearance as to permit resale or use as or for a controlled substance.
4. Permit action against street sellers of over-the-counter drugs which

do not resemble or are not represented to be controlled substances but

do not resemble or are not represented to be controlled substances but are sold unpackaged or in packages which do not comply with the requirements of the federal and state pure food and drug law. (This provision would permit prosecution for unlawful sales in cases in which there is insufficient evidence of misrepresentation of non-controlled substances or in which non-controlled substances, represented as such, are sold for "recreational" use.)

## Ritodrine (Yutopar - Maxwell-National)

Ritodrine is available in an injectable product containing 50 mg/5 ml and as oral tablets of 10 mg each. It is indicated in the management of pre-term labor after at least the 20th week of pregnancy. Because of the complicated nature of the drug's activity and determination of patient suitability, the use of ritodrine should be left to those clinicians experienced with it. For an acute episode, ritodrine is administered by intravenous infusion of initially, 0.1 mg/minute. This may be increased by 0.05 mg/minute at 15 minute intervals, until adequate response is noted. Approximately 30 minutes prior to termination of IV therapy, one tablet is usually given. This is followed by one tablet every two hours for the first 24 hours, and then 1-2 tablets every 4-6 hours, depending on uterine activity and side effects. Adverse effects reflect ritodrine's beta-mimetic activity. The most frequently observed effect is alteration of maternal and fetal heart rates and maternal blood pressure. The package literature should be consulted for a description of the many other adverse effects reported. A more complete discussion of the rationale for use and pharmacology of ritodrine can be found in the July-August, 1980 issue of the *Bulletin*.

## "LET THE BUYER BEWARE"

Over the past year we have witnessed an explosive phenomenon reflecting a new level of sophistication among the promoters of drug misuse or abuse. During this period of time the Drug Information Center has received several calls each week regarding identification of drug products which have been confiscated by police or found by concerned parents. Commonly the caller is trying to identify a black capsule that resembles Biphelamine<sup>®</sup>, or a yellow capsule that looks like Ionomin<sup>®</sup>, both of which are controlled central nervous system stimulants of the amphetamine type. The product is different, however, in that the logo and/or identifying number varies slightly from the trade-named product.

In investigating this situation we have become aware of several distributing houses which are selling these "new legal stimulants" directly to the consumer on a mail order basis. All of the available products resemble controlled stimulant products (see list below), such as those mentioned above, plus Dexamyf Spansules<sup>®</sup>, Dexedrine<sup>®</sup>, etc. Having anonymously contacted one of these distributors, however, we were informed that all the preparations contain the same thing: pseudoephedrine and caffeine. (Allegedly, other distributors utilize phenylpropanolamine as well.) We were also told that, although only available in quantities of 1000, the consumer could break these down into smaller quantities (for further distribution at the local level).

The FDA was contacted to determine the legality of these operations. It was learned that, although the agency recognized the problem, these companies were operating in a perfectly legal manner. When the consumer receives his order it is accompanied by appropriate legally required non-prescription drug labeling, and therefore, meets FDA requirements. Since product logo and/or number designations vary from the copied preparation, no trade-name infringements exist.

Although these operations are operating within the law, the problem is obvious. The unsuspecting "street consumer" is purchasing what he believes to be an amphetamine for \$0.50-\$1.00 per capsule and which actually contains no more stimulant activity than a cup of coffee. We believe, therefore, that preventive education is necessary to warn the unsophisticated user that they are being ripped-off.

This information, therefore, may be provided to local media at the reader's discretion. For your convenience, a description of some of the available preparations follows.

1. Black Capsule with the No. 335
2. Black Capsule with the letters DEX
3. Small Black Capsule with the No. 18-789
4. Small Black Capsule with the No. 18-985
5. Black Capsule with the No. 127
6. Small Black Capsule with the letters AKS
7. Small Black Capsule with the letters RUS
8. Small Black Capsule with the letters RJS
9. Yellow Capsule with the letters RJS
10. Small Yellow Capsule with the No. 18-906
11. Small Yellow Capsule with the letters RUS
12. Small Yellow Capsule with the letters RJS
13. Small Pink Capsule with the No. 97208-63
14. Round Orange Tablet with the letters BT-72
15. White Mini-Tablet with two Line Cross on the Top
16. White Large Tablet with two Line Cross on the Top
17. Green and Clear Capsule with Green and White Beads and the No. 127
18. Blue and Clear Capsule with Blue and White Beads and the No. 127
19. White and Clear Capsule with Orange, Green, White, Yellow Beads and the No. 127
20. Small Brown and Clear Capsule with White and Orange Beads and the No. 127
21. Rectangle White Tablet with Green Specks in it and One Line in the Middle
22. Rectangle White Tablet with Blue Specks in it and One Line in the Middle
23. Rectangle All Blue Tablet with One Line in the Middle
24. Oval Pink Tablet (Football)
25. Yellow Cube
26. Cube with Red and White Specks

THE FOLLOWING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

# Fake 'Speed' Causes Almost as Much Fear As the Real Thing

Look-Alikes, Mainly Caffeine,  
Used by Many Youngsters;  
Some Deaths Are Reported

By Steve R. Massey

Staff Reporter of THE WALL STREET JOURNAL  
CLEVELAND—"Pink footballs," "black

beanders" and "yellow jackets" were confiscated here during the recent arrest of a street dealer who sells drugs to kids. But the dealer had to be released.

It turned out that the capsules were mislabeled. They weren't what many of the kids' customers thought they were: forms of "speed," the drug-world term for potent amphetamines that make a user's heart race and his nervous system tingle. Doctors prescribe amphetamines mainly for losing weight. Without a prescription, it is illegal to sell them.

But the capsules that the dealer was nabbed with are perfectly legal to sell in most places. Though disguised as pink footballs and the like, they are no stronger than three cups of coffee. In fact, caffeine is the main ingredient in most of them. Yet they, too, can be dangerous.

Some stimulants are called "look-alikes" by medical agents. Once found almost exclusively in truck drivers' pockets, they have been cropping up all around the country. College and high-school students are getting them for pick-me-ups. So are junior-high girls and even younger children. The junk scares many adults.

## Reports of Overdoses

The fake speed is causing almost as much alarm as genuine speed. Laurence B. Golden, a staff consultant with the intelligence office of the Federal Drug Enforcement Administration, says his office receives daily reports of overdoses—and occasionally of deaths.

The dangers of look-alikes, however, are certainly less than the dangers of speed. "The real problem is that the young people are getting it on the drug scene and taking more than they should," says James Tabor, of the Ohio State Board of Pharmacy. "It's a very natural way to lose the real thing."

On the other hand, the buyer of a look-alike may already be a speed user; who knows he is getting speed again this time. If he is a look-alike user, he may take more and more of the look-alike. That could lead to an overdose. Or it could lead him to think that he could take more speed than he had in the past. He may take more speed than he had in the past.

A look-alike pill typically is two-thirds caffeine. The remaining one-third usually is composed of two anti-allergic agents: ephedrine sulfate and phenylpropanolamine. These constrict blood vessels, and if taken in excessive quantities can collapse them.

## More Work for Police

When a drug is sold as speed, the authorities have to assume that it is speed. "Once this stuff gets on the street, it's dope," says Mr. Golden. "It's dealt with the same way." So the upsurge in look-alike traffic means more work for the police. It also means more work for drug companies fighting misuse of their products. It is bad enough when your product finds its way into the street-drug trade. It is even more infuriating when it's something disguised as your product.

Despite efforts by local, state and federal officials, the look-alikes keep coming. One federal official estimates that as many as 100 million may be sold this year. That compares with 70 million of the actual amphetamines. The number of wholesalers pushing the boys' speed, Mr. Golden says, has jumped from a dozen a few years ago to about 120 now.

"It is like dealing with a greased pig," says Richard J. McMahon of the attorney general's office in Delaware. In June 1980, that state became the first to pass an anti-look-alike law aimed at halting the flow of look-alikes. So far, only two cases have reached the courts; the state won one of them, "and even then the penalty was probation," Mr. McMahon says. More recently, nine other states have passed such laws: Arkansas, Colorado, Connecticut, Indiana, Kansas, Louisiana, Maryland, Oklahoma and South Dakota.

It may seem strange to charge someone with fraud for selling something legal instead of illegally selling something that is more dangerous anyway. But the federal drug authorities seem powerless to halt the look-alike traffic, so the states, with federal encouragement, are doing whatever they can.

There is no federal law protecting people who think they are buying speed but get look-alike instead, and the ingredients in the look-alikes aren't controlled substances.

Continued From First Page  
under federal regulations. So federal officials are forced to pass the buck.

Not the postal service, though. Ned Fricce of the U.S. Postal Inspector's Office says the agency has filed 25 complaints with an administrative-law judge, all charging distributors of the capsules with falsely representing them as safe. (Distributors may be developing a damned-if-I-do, damned-if-I-don't complex. If they say they are selling speed, the anti-fraud laws may get them. If they truthfully say they are selling the caffeine pills, and state or imply that they are safe, the post office may get them.)

Mostly, however, federal authorities simply urge states to enact stiffer anti-fraud penalties, and they give vocal support to state and local enforcement efforts.

#### Death in Michigan

Ohio is considering legislation requiring packages of look-alikes to disclose that the contents aren't speed. Michigan, operating under an existing deceptive-trade law, has shut down one look-alike wholesaler and banned three others from selling the pills in the state. According to the Michigan attorney general's office, two young women in Flint, Mich., died last year from overdoses of 50 or more look-alikes each. The deaths may have been suicides.

Douglas Vivian, a pharmacist for the poison-control center and drug-information service at Hurley Medical Center in Flint, says a dose of 10 grams can be fatal. The average look-alike, experts say, contains 200 milligrams, so a 10-gram dose would be 50 pills.

But Jerry O'Donnell, the director of the police-department laboratory in Albuquerque, N.M., says there is "no way to tell" what constitutes an overdose because "it varies from person to person." Mr. O'Donnell says that three young men aged 15 to 20 died in Albuquerque during the last year after taking look-alikes. While the victims had been doing some drinking, Mr. O'Donnell says, all had been "in excellent physical condition; they all died of brain hemorrhaging, which is symptomatic of ephedrine (sulfate) and PPA (phenylpropranolamine)."

#### Firms Take Steps

Some established drug companies are trying to dissociate themselves from look-alikes. SmithKline Corp. in Philadelphia discontinued its green-and-clear diet-capsule line, Dexanymyl, after it discovered that capsules disguised as Dexanymyl were being sold at speed. Pennwalt Corp.'s Philadelphia division has successfully barred four companies from pushing imitations of its popular Ephedamine 20—the real "black beauties."

The founder of the look-alike industry, William Saye, 38, of Fairburn, Ga., applauds the prohibitive measures. "Today, it is being abused," he says. "Kids don't know how to handle business. There are too many bathtub operations in existence now and not enough quality controls."

Mr. Saye started selling caffeine pills wholesale out of his truck cab in Georgia in 1973. The next year, as business expanded, he set up Saye Drug Co. there. In 1977, he moved the company to a Tampa warehouse and changed its name to OTW Distributors Inc. By the end of that year, he had almost 50 employes selling the pills at truck stops in almost every state. The salesmen were called "peashooters" and drivers would contact them over citizens'-band radio. Mr. Saye says that his salesmen, when asked, were supposed to tell a customer that the pills weren't speed—or risk being fired. By 1980, when he retired from the drug trade, Mr. Saye's business was bringing in about \$2 million annually in sales. The pills were obtained from a Long Island manufacturer. Evidently it was all perfectly legal.

Despite "hassles with the police and the press," Mr. Saye says, "I'm proud of what I've done. I ran the business right. Now I just want to lead a normal life, raise some beef cattle, and enjoy my two girls and two boys."

#### Small Operations

Today, most wholesale distributors are small operations, often a husband-and-wife team working out of their home. "About all they have to do is file a one-page registration form," says an official of the Food and Drug Administration. Sales are handled mainly by mail or phone except for a few storefront concerns in Albuquerque and Los Angeles with such names as the Source and the Pink-Me-Ups.

The distributors don't advertise much, though some ads run occasionally in local and college newspapers and a few national magazines. Instead, they leave calling cards in such places as truck-stop restrooms and college dormitories—a practice started by Mr. Saye.

Those who sell the pills rarely make them. Supplies come from larger wholesalers such as Clifton Pharmacal Inc. in Milroy, Pa., which has its own pharmaceutical factory, or from one of an estimated 10 to 15 big manufacturers in Pennsylvania and on Long Island. They are sold in high volumes, in lots of 100 or 1,000, at prices ranging from about two cents to 10 cents a pill. On the street, says Mr. Tudor of the Ohio pharmacy board, they fetch anywhere from 50 cents to \$2 a pill.

Most distributors won't divulge earnings, but estimates are that average sales for a medium-sized company can range between \$500,000 and \$1 million a year. Jerry Heck, the founder of the Pink-Me-Ups in Albuquerque, says that his six stores average \$200 a week each in profits.

DATE: THURSDAY, DECEMBER 10, 1981

## Flood of 'look-alike' drugs appears to have receded in Maryland

By Alan Cooper

A flood of "look-alike" drugs that health and law enforcement officials said washed into Maryland early this year appears to have receded, thanks in part to a number of legal actions in the state and elsewhere.

Look-alikes are capsules or tablets, containing caffeine and other non-prescription drugs, that are made to resemble addictive, commonly abused prescription drugs, such as amphetamines. Health and law enforcement officials, alarmed when the drugs became popular on school campuses and in street drug traffic about a year ago, said look-alikes hampered drug law enforcement, encouraged drug-taking generally and posed some potential health hazards. The federal Food and Drug Administration blames look-alikes for at least 13 deaths nationwide, including two in Maryland.

A new state law that took effect in June apparently prompted most of the dozen or so companies selling look-

### Of consuming interest

alikes in Maryland to close their doors, according to state health officials. In addition, actions by federal officials have shut down some look-alike manufacturers and distributors in other states.

One Maryland company, Phun Pharmaceuticals of Gaithersburg, is the subject of a U.S. Postal Service complaint charging the firm with making false representations that its products are safe and legal. That complaint is pending before a Postal Service administrative law judge. Another company is under investigation by a grand jury in Baltimore city, which is weighing whether the company's operations violated the new state law.

The spate of legal actions does not mean there are no more look-alikes in Maryland, but some law enforcement and health officials said traffic in look-alikes appears to have slowed down.

"I'm sure they are still available," said Bob Kramer, coordinator of Anne Arundel county's drug and alcohol program, noting that look-alikes can still be sold by mail order from companies in other states.

Since the state law took effect, Baltimore city police have charged three individuals with selling look-alike drugs on the street, according to Lt. Joseph Newhan of the city police narcotic unit. But officers who work on street drug cases are not running across look-alike peddlers as frequently as they did a few months ago, said Lieutenant Newman. "We really haven't seen a whole lot of them in the last couple of months. Maybe the bad has kind of died down," he said.

The contents of look-alikes are seemingly innocuous drugs, usually a combination of caffeine, ephedrine and phenylpropanolamine. These drugs are common ingredients in diet pills and cold remedies sold without prescription.

But it is the exterior of the look-alikes that has made them controversial. Their color, size, shape and markings imitate those of "uppers" and "downers" such as prescription amphetamines and barbiturates popular in illegal drug traffic. Look-alikes often are sold under the street names for illegal drugs, such as "black beetles" and "yellow jackets."

Health officials say that students and other unsophisticated customers pay several dollars apiece for look-alikes, believing they are illegal uppers and downers. To get the same effect as the more potent prescription

drugs, they may gobble look-alikes by the handful, causing an overdose. Or, accustomed to taking larger quantities of look-alikes, they may take too many of the prescription drugs they imitate.

According to FDA, most deaths involving look-alikes appear to have been caused by caffeine overdoses in people who took them in large quantities. But two young men in New Mexico died of strokes after taking only a couple of look-alikes, said an FDA spokesman. In those cases, phenylpropanolamine—which some medical experts say can cause extreme high blood pressure in certain people—is suspected of causing the strokes.

News of those deaths and other potential problems created pressure on state and federal officials to act against look-alikes this year. Maryland was among the first states to pass a law, making it illegal to sell a non-prescription drug if "one reasonably should know that the uncontrolled substance will be used or distributed for use as a controlled dangerous substance."

Prior to passage of the Maryland law, there were 12 or 13 companies selling look-alikes in the state, according to Charles Tregoe, chief of the state health department's division of drug control.

Drugs sold by one of those companies, J&P Distributors, Inc., on Eastern Avenue in Baltimore, were seized in a city police raid after the new law took effect this summer. A grand jury investigation of the firm is still pending, but J&P is no longer operating in the state, according to John Prevan, chief of criminal investigations for the city state's attorney's office.

Other distributors closed down their Maryland operations about the time the state law took effect, according to Mr. Tregoe. He said the only distributor he is aware of

for the state right now is Phun Pharmaceuticals. Mr. Tregoe declined to comment on Phun's continued operation in the state.

In June, the Postal Service filed a complaint against Phun, asking an administrative law judge to stop the firm's mail because of alleged misrepresentations in its advertising. The Postal Service complaint alleges that Phun has falsely advertised its products as safe, according to Sandra McFeeley, a Postal Service lawyer. The complaint also alleges that Phun's drugs are counterfeit, which are illegal under federal drug laws, she said.

Phun's case is pending before an administrative law judge in Washington. An attorney for the firm said he could not comment on the case without clearance from Phun officials.

Ms. McFeeley said the Postal Service has filed a total of 39 complaints against companies selling look-alike drugs, including one in Bel Air—RSI, Pharmaceutical, Inc.—that went out of business when Maryland's law took effect. About 30 of the 39 companies have either signed agreements promising to stop filling mail orders for look-alikes or have been ordered to stop by Postal Service judges, said Ms. McFeeley. The other complaints are still pending.

Despite the Postal Service's actions, there are still numerous distributors selling look-alikes in many states, according to a federal Drug Enforcement Administration official. He said he has compiled a list of more than 150 such companies since look-alikes first began to appear about two years ago.

FDA also has acted against look-alikes, concentrating its efforts on companies that manufacture them and sell them wholesale to the distributors. On September 30, FDA seized 15 million look-alike capsules and tablets and an additional 20 million empty capsules—marked to resemble controlled substances—according to agency spokesman Christopher Smith. In two cases, FDA's seizures have been upheld in court and the companies have been ordered to stop making look-alikes. Cases against the other manufacturers are still pending, said Mr. Smith.

Mr. Smith said FDA was under considerable pressure from Congress and the public to act against look-alikes. The agency felt attacking them from a health standpoint would be legally complicated, so it made its seizures on the basis that look-alike drugs are counterfeit. Under federal law, it is illegal to make counterfeit drugs—ones that copy the trademarks or other markings clearly identified with another drug product in an attempt to falsely represent the counterfeit as the imitated product. Mr. Smith said some of the drugs seized by the agency in September "were exact duplicates and others were very, very close."

12.

THE PPRECEDING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

## Caffeine Toxicity Secondary to Street Drug Ingestion

To the Editor:

We have recently observed two serious toxicities secondary to ingestion of a caffeine-containing street drug preparation unfamiliar to most emergency physicians in the Louisville, Kentucky area. Due to the potentially grave consequences of this intoxication, we would like to alert other emergency physicians who may encounter this preparation in cases of unknown substance ingestion.

**Case Number One.** A 22-year-old man presented to the University Hospital ED approximately one hour after ingesting 15 to 20 "RJ-8" capsules to get "high." He stated that one-half hour after ingestion of the product he experienced abdominal cramping immediately followed by vomiting. On presentation, the pulse was 150; respiratory rate, 20/min; and BP, 90/60 mm Hg. The patient was noted to be extremely anxious and complained repeatedly of abdominal pain. Activated charcoal slurry and intravenous fluids were administered. The patient continued to retch for the ensuing 12 hours, but did not convulse. Toxicology screening of serum obtained on presentation was performed by coupled gas chromatography-mass spectrometry (GC-MS). A large amount of caffeine was detected in the serum. Quantification, carried out by high pressure liquid chromatography (HPLC), revealed 74.6  $\mu\text{g/ml}$  caffeine in the serum. No other drug substances were detected. Subsequent caffeine serum levels obtained over the next 24 hours demonstrated a caffeine elimination rate constant ( $k_e$ ) of 0.136  $\text{hours}^{-1}$ , yielding a caffeine half-life ( $T_{1/2}$ ) of 5.1 hours. The patient was discharged in good condition 36 hours after admission.

**Case Number Two.** Forty-eight hours after the admission of Case Number One, a 21-year-old man presented complaining of abdominal pain and vomiting. He revealed that two hours prior to admission, he had ingested "40 hits of speed" which were in "yellow" capsules. Fifteen minutes after taking the capsules, he began to experience abdominal pain followed by vomiting. He observed a number of the capsules in the initial emesis. On presentation the pulse was 95; respirations, 20/min; and BP, 130/90 mm Hg. He was described as anxious, combative, and hostile. Toxicology screening and subsequent quantification *vide supra* demonstrated a 42  $\mu\text{g/ml}$  caffeine serum level. No other drug substances were detected in the serum or urine. The patient left against medical advice before further serum levels could be obtained.

The drug preparation obtained from Case Number One, as well as an additional capsule obtained by a community physician from an unrelated case, are shown (Fig). Analysis of the contents by GC-MS and HPLC demonstrated approximately 225 mg caffeine per capsule. No other drug substance was contained in the capsule.

Fatalities due to caffeine ingestion have been reported<sup>1,2</sup> and were associated with caffeine plasma levels of 79.0 to 158.5  $\mu\text{g/ml}$ . The amount of caffeine contained in the preparations shown here (225 mg) is greater than that found in most caffeine-containing products (No Doz, Bristol Myers, 100 mg; Vivarin, J.B. Williams, Co, 200 mg), indicating that ingestion of a small number of these capsules may result in caf-



Fig. Caffeine-containing street drug preparation. Analysis of contents revealed 225 mg caffeine per capsule. No other drug substances were detected. Capsule A, black in color, was obtained from Case Number One. Capsule B, yellow in color, was obtained by a community physician from a patient. Note the capsule markings differ.

feine plasma levels equal to those in reported fatalities. In children, the danger is particularly great due to the small size (1.2 cm x 5 mm OD) of the capsules.

Emergency physicians should consider toxicity secondary to caffeine-containing drug products in the differential diagnosis of patients presenting with a history of ingesting stimulant medications. The rapid recognition of this overdose will prevent inappropriate treatment and allow the physician to avert the potentially serious complications of caffeine overdose.

David C. May, MD

Thomas Long, MD

Department of Emergency Medicine

Robert Madden, PhD

Harrell E. Hurst, PhD

Charles H. Jarboe, PhD

Department of Pharmacology and Toxicology

University of Louisville School of Medicine

Louisville, Kentucky

1. Dimatic VJM, Gerriotti JC: Lethal caffeine poisoning in a child. *J Foren Sci* 3, 1974.

2. Turner JE, Cravey RH: A fatal ingestion of caffeine. *Clin Toxicol* 10:341-344, 1977.

3. Sullivan JL: Caffeine poisoning in an infant. *J Pediatr* 90:1022-1023, 1977.

SECTIONAL ANALYSIS HB 679

" An Act relating to imitation controlled substances"

Sec 1 Amend Title 17 "Food and Drugs by adding Chapter 14-  
IMITATION CONTROLLED SUBSTANCES ACT

Sec.17.14.010 " MANUFACTURE OR DISTRIBUTION OF IMITATION CONTROLLED  
SUBSTANCE.

Unless a placebo-- see 17.14.050-- it is unlawful for a person to manufacture, distribute, or possess with intent to distribute, an imitation controlled substance. Class C felony.

Sec.17.14.020 DISTRIBUTION OF IMITATION CONTROLLED SUBSTANCE TO A MINOR.

A person violating previous section who is 18 or over and distributes an imitation controlled substance to a person under 18 is guilty of a Class B felony.

Sec.17.14.030 USE OF IMITATION CONTROLLED SUBSTANCE.

A person using, or possessing with intent to use, an imitation-controlled substance is guilty of a Class A misdemeanor.

Sec. 17.14.040 ADVERTISEMENT TO PROMOTE THE DISTRIBUTION OF AN IMITATION CONTROLLED SUBSTANCE.

Publication or solicitation to promote distribution of an Imitation controlled substance is a Class C felony.

Sec. 17.14.050 IMITATION CONTROLLED SUBSTANCE AS PLACEBO.

No violation if a person manufactures, distributes, or possess an imitation controlled substance solely for use as a placebo prescribed by a registered practitioner.

Sec. 17.14.060 FORFEITURE

All equipment used to manufacture an imitation controlled substance(plus the substance itself), shall be forfeited to the state.

Sec.17.14.099 DEFINITIONS

Definition section for the new imitation controlled substance chapter. Terms defined are;

1. controlled substance-(same as defined in AS 11.81.900(6) which included, but is not limited to- narcotics, depressants, hallucinogenics, or stimulant drugs- as defined in AS 17.10.230 or 17.12.150[includes marijuana]).

2. "distribute"

3. "imitation controlled substance"..basically "means a substance that is not a controlled substance, which by dosage unit appearance(including color, shape, size, and marking) or by representations made would lead a reasonable person to believe that the substance is a controlled substance..."

4. "manufacture"

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 679  
 Title "An act relating to limitation controlled substances."  
 Requested by Repr. Belrne, House HESS Committee Date 2/11/82

II. FISCAL DETAIL

Agency Affected Department of Law  
 Program Category Affected Administration of Justice  
 BRU, Program, Or Subprogram(s) Affected Prosecution  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

	0	0	0	0	0	0
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	0	0	0	0	0	0
FULL TIME						
PART TIME						
TEMPORARY						

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

It is estimated that enactment of this bill will result in 50 to 60 new criminal prosecutions throughout the state each year. This estimate is based upon a survey taken by the department, of local police agencies and the state troopers. Examined singly, no additional prosecution personnel will be required to implement the provisions of the bill. These new prosecutions, however, do represent additional workload which, when added to other crime bills, will have the effect of hampering the department's overall ability to prosecute criminal offenses.

IV. DATE February 16, 1982

PREPARED BY Richard I. Piques, Director, Adm. Svcs.  
 AGENCY Department of Law

Original: Legislative Finance  
 Budget and Management

PHONE 465-3671

Prime Sponsor (First Legislator Named)

2/12/82

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for House Bill No. 679  
Title "An Act relating to imitation controlled substances."  
Requested by Representative Abood Date April 1, 1982

II. FISCAL DETAIL

Agency Affected Health & Social Services  
Program Category Affected Offender Confinement, Reformation, & Supervision  
BRU, Program Or Subprogram(s) Affected Adult Confinement  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL		.7	.8	.9	.9	1.0
300 CONTRACTUAL		4.3	5.2	6.8	7.4	8.1
400 COMMODITIES		3.4	10.6	11.6	12.6	13.8
500 EQUIPMENT						
600 LAND & STRUCTURES		345.0				
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>353.4</b>	<b>17.6</b>	<b>19.3</b>	<b>20.9</b>	<b>22.9</b>

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	353.4	17.6	19.3	20.9	22.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

A. Assumptions

1. Estimated conviction information was furnished by the Department of Law. They estimate that there would annually be one conviction for a Class B felony and 27 convictions for Class C felonies. Class A misdemeanors have been omitted in the committee substitute.
2. It is assumed that all convictions are of first time offenders.
3. The following table displays data regarding additional bed needs with enactment of HB 679:

IV. DATE April 5, 1982

PREPARED BY Robert C. Lange  
AGENCY Division of Adult Corrections

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

PHONE 465-

100

FISCAL NOTE

Sponsor Substitute for H.B. #679

Page 2

<u>Class of Offense</u>	<u>Expected # of Convictions</u>	<u>% &amp; # to Jail</u>	<u>Avg. Sentence Length</u>	<u>Flat Years</u>	<u>Person Years</u>
B Felony	1	50%/.5	2.5 Yr.	1.9	.95
C Felony	27	20%/5.4	1.09 Yr.	.82	4.43
	<u>28</u>	<u>5.9</u>			<u>5.38</u>

Therefore, 5.38 would be needed. For purposes of this fiscal note, this was rounded to the nearest whole number resulting in 5 new beds identified as being required.

B. Cost Estimates:

1. Capital Expenditures

It is assumed that minimum to medium security beds would be the appropriate classification. It is estimated that this type of bed can be built utilizing the fast track method for approximately \$69,000 per bed. Therefore, capital expenditures would be:

$$5 \times \$69,000 = \$345,000$$

2. Personal Services

It is assumed that these 5 beds would be combined with other construction where staff have already been identified. Therefore, no costs are specifically identified in this fiscal note for staff costs, although staff will be required to provide security and supervision for the additional inmate..

3. Other Costs

Other costs identified reflect only food, clothing, bedding, and medical services necessary to meet the physical care and medical needs of the projected inmate increase.

4. Inflation of 9% per year was used for projecting cost after FY 1984, the year in which the total bed impact would be experienced.

Lear ✓

IN THE HOUSE

BY ABODI

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 679  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to imitation controlled substances."  
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* Section 1. AS 17 is amended by adding a new chapter to read:

CHAPTER 14. IMITATION CONTROLLED SUBSTANCES ACT.

X Sec. 17.14.010. MANUFACTURE OR DISTRIBUTION OF IMITATION CONTROLLED SUBSTANCE. Except as provided in AS 17.14.040, it is unlawful for a person to manufacture, distribute, or possess with intent to <sup>manufacture or</sup> distribute, an imitation controlled substance. Except as provided in AS 17.14.020, a person who violates this section is guilty of a class C felony.

Sec. 17.14.020. DISTRIBUTION OF IMITATION CONTROLLED SUBSTANCE TO A MINOR. A person 18 years of age or over who violates AS 17.14.010 by distributing an imitation controlled substance to a person under 18 years of age is guilty of a class B felony.

X Sec. 17.14.030. ADVERTISEMENT TO PROMOTE THE DISTRIBUTION OF AN IMITATION CONTROLLED SUBSTANCE. It is unlawful for a person <sup>knowingly</sup> to place in a newspaper, magazine, handbill, or other publication, or to post or distribute in a public place, an advertisement or solicitation ~~with~~ <sup>knowing</sup> ~~intent~~ that the purpose of the advertisement or solicitation is to promote the distribution of an imitation controlled substance <sup>in the State of Alaska</sup>. A person who violates this section is guilty of a class C felony.

Sec. 17.14.040. IMITATION CONTROLLED SUBSTANCE AS PLACEBO. No civil or criminal liability may be imposed under this chapter on a person who manufactures, distributes, or possesses an imitation controlled substance solely for use as a placebo prescribed by a registered

practitioner in the course of professional practice or research.

Sec. 17.14.050. FOREITURES. (a) The following may be forfeited to the state:

(1) an imitation controlled substance that has been manufactured, distributed, or possessed in violation of this chapter;

(2) raw materials, products, and equipment that are used or intended for use in manufacturing, distributing, compounding, processing, or delivering an imitation controlled substance in violation of this chapter;

(3) property that is used or intended for use as a container for property described in (1) or (2) of this subsection;

(4) a conveyance, including but not limited to aircraft, vehicles or vessels, that has been used or is intended for use in transporting or in any manner in facilitating the transportation, sale, receipt, possession, or concealment of property described in (1) or (2) of this subsection in violation of this chapter; however,

(A) a conveyance may not be forfeited under this section if the owner of the conveyance establishes, by a preponderance of the evidence, at a hearing before the court as the trier of fact, that use of the conveyance in furtherance of a violation of this chapter was by another person and that the owner was not a consenting party nor privy to the violation;

(B) a forfeiture of a conveyance encumbered by a valid security interest at the time of seizure is subject to the interest of the secured party if the secured party establishes, by a preponderance of the evidence, at a hearing before the court as the trier of fact, that use of the conveyance in furtherance of a violation of this chapter was by another person and that the secured party was not a consenting party nor privy to the violation;

(5) books, records, and research products and materials, including formulas, microfilm, tapes, and data that are used in furtherance of a violation of this chapter;

(6) money, securities, negotiable instruments, or other things of value used in financial transactions derived from activity prohibited by this chapter; and

(7) a firearm that is visible, carried during, or used in furtherance of a violation of this chapter.

(b) Property listed in (a) of this section may be forfeited to the state either upon conviction of the defendant of a violation of this chapter or upon judgment of a court in a separate civil proceeding in rem. The court may order a forfeiture in the in rem proceeding if it finds that an item specified in (a) of this section was used during or in aid of a violation of this chapter.

(c) It is not a defense in an in rem proceeding brought under this section that a criminal proceeding has resulted in a conviction for a violation of this chapter.

(d) Property listed in (a) of this section may be seized by a peace officer upon an order issued by a court having jurisdiction over the property upon a showing of probable cause that the property may be forfeited under (a) of this section. Seizure without a court order may be made if

(1) the seizure is incident to a valid arrest or a search under a valid search warrant;

(2) the property subject to seizure has been the subject of an earlier judgment in favor of the state in a criminal proceeding or civil proceeding in rem under this chapter; or

(3) there is probable cause that the property was used, is being used, or is intended for use, in violation of this chapter and the

property is easily movable; property seized under this paragraph may not be held for more than 48 hours without a court order obtained to continue its detention.

(e) Property taken or detained under (d) of this section shall be held in the custody of either the commissioner of public safety or a municipal law enforcement agency authorized by the commissioner of public safety to retain custody of property listed in (a) of this section subject only to the orders and decrees of the court having jurisdiction over any forfeiture proceedings. If property is seized under this chapter, the commissioner of public safety or an authorized municipal law enforcement agency may

(1) place the property under seal;

(2) remove the property to a place designated by the court;

or

(3) take custody of the property and remove it to an appropriate location for disposition in accordance with law.

(f) Within 10 days after a seizure under this section, the commissioner of public safety shall make an inventory of any property seized, including imitation controlled substances, and shall appraise the value of any items seized other than imitation controlled substances.

(g) Within 20 days after a seizure under this section, the commissioner of public safety shall, by certified mail, notify any person known to have an interest in an item with an appraised value of \$500 or more, or who is ascertainable from official registration numbers, licenses, or other state, federal or municipal numbers on the item of the pending forfeiture action. Additionally, the commissioner of public safety shall publish notice of forfeiture action of an item valued at \$500 or more in a newspaper of general circulation in the judicial district in which the seizure was made, or if no newspaper is published

in that district, in a newspaper published in the state and distributed in that district. The notice shall be published once each week during four consecutive calendar weeks. The requirements of this subsection do not apply to the forfeiture of imitation controlled substances that have been manufactured, distributed, or possessed in violation of this chapter, regardless of their value:

(h) Upon service or publication of notice of commencement of a forfeiture action under this section, a person claiming interest in the property shall file within 30 days after the service or publication, a notice of claim setting out the nature of his interest, the date it was acquired, the consideration paid, and an answer to the state's allegations. If a claim and answer is not filed within the time specified, the property described in the state's allegation must be ordered forfeited to the state without further proceedings or showings.

(i) Questions of fact or law raised by a notice of forfeiture action and answer of a claimant in an action commenced under this section must be determined by the court sitting without a jury. This proceeding may be held in abeyance until conclusion of any pending criminal charges against the claimant under this chapter.

(j) A claimant under (h) of this section may at any time petition for release of a seized item as follows:

- (1) to a court in which a warrant for seizure has been issued
- (2) to a court in which a criminal or civil action alleging forfeiture of the item has been filed; or
- (3) before an action is filed, or if no seizure warrant was issued, to a court in the judicial district in which the violation took place.

(k) An item may not be released by the court under (j) of this section unless the claimant gives adequate assurance that the item will

remain subject to the court's jurisdiction and

(1) the court finds that the release is in the best interest of the state; or

(2) the claimant provides a bond or other valid and equivalent security equal to twice the assessed value of the item.

(1) A claimant may petition the court for sale of an item before final disposition of court proceedings. The court shall grant a petition for sale upon a finding that the sale is in the best interests of the state and the preservation and maintenance of the item seized. Proceeds from the sale plus interest to the date of final disposition of the court proceedings become the subject of the forfeiture action.

(m) Property forfeited under this section other than imitation controlled substances shall be disposed of by the commissioner of administration in accordance with applicable law. The commissioner of administration may

(1) destroy property harmful to the public;

(2) sell the property and use the proceeds for payment of all proper expenses of the proceedings for forfeiture and sale, including expenses of seizure, custody, and court costs;

(3) take custody of the property and authorize its use in the enforcement of this chapter, transfer it to the Board of Pharmacy to use for medical or scientific purposes, or transfer it to another agency of the state or a political subdivision of the state for a use in furtherance of the administration of justice;

(4) take custody of the property and remove it for disposition in accordance with law; or

(5) forward it to the Drug Enforcement Administration of the United States Department of Justice for disposition.

(n) Upon a showing that a claimant is entitled to remittance in

accordance with this section, the court shall order that

(1) if the claimant is entitled to the item, it shall be delivered to him immediately;

(2) if the claimant is entitled to remittance of some value less than the total value of the item, the claimant is entitled, at his choice, to receive either the value of the claimant's interest or, upon receipt of payment of the difference in value by the claimant, the entire item.

(o) An offender who used an item subject to remission in violation of this chapter shall be assessed a fine which may not be less than the cost of any lien payment or remittance made by the state plus the reasonable costs of the seizure.

(p) An imitation controlled substance manufactured, possessed, transferred, sold, or offered for sale in violation of this chapter is contraband and must be seized and summarily forfeited to the state. The commissioner of public safety or his designee, including a municipal law enforcement agency authorized under (e) of this section to retain custody of imitation controlled substances, is responsible for the disposal of imitation controlled substances that have been forfeited. The imitation controlled substances shall be disposed of in accordance with procedures and requirements prescribed by the commissioner.

(q) The commissioner<sup>of public safety</sup> shall provide a procedure allowing the Board of Pharmacy to use property forfeited under this section for medical or scientific purposes.

Sec. 17.14.099. DEFINITIONS. In this chapter

(1) "controlled substance" means a substance as defined in AS 11.81.900(6);

(2) "distribute" means the actual, constructive, or attempted transfer, delivery, or dispensing to another of an imitation controlled

substance;

X. See new page (3)

"imitation controlled substance" means a substance that is not a controlled substance, which by dosage unit appearance (including color, shape, size, and markings) or by representations made would lead a reasonable person to believe that the substance is a controlled substance; if the appearance of the dosage unit is not reasonably sufficient to establish that the substance is an "imitation controlled substance" (for example in the case of powder or liquid), the court or authority concerned should consider, in addition to all other logically relevant factors, the following factors as related to "representations made" in determining whether the substance is an "imitation controlled substance":

(A) statements made by an owner or by anyone else in control of the substance concerning the nature of the substance, or its use or effect;

(B) statements made to the recipient that the substance may be resold for inordinate profit;

(C) whether the substance is packaged in a manner normally used for illicit controlled substances;

(D) evasive tactics or actions used by the owner or person in control of the substance to avoid detection by law enforcement authorities;

(E) prior convictions, if any, of an owner, or anyone in control of the object, under state or federal law related to controlled substances or fraud;

(F) the proximity of the substances to controlled substances;

(4) "manufacture" means the production, preparation, compounding, processing, encapsulating, packaging or repackaging, labeling

page 8 line 272

substance;

(3) "imitation controlled substance" means a substance containing ephedrine, ephedrine sulfate, pseudoephedrine, pseudoephedrine hydrochloride, phenylpropanolamine, caffeine, or theophylline, which is not a controlled substance, which by dosage unit appearance (including color, shape, size, and markings) or by representations made would lead a reasonable person to believe that the substance is a controlled substance. The term "representations made", as used in this definition, includes but is not limited to the following:

or relabeling, of an imitation controlled substance.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 679  
Title An Act relating to imitation controlled substances  
Requested by Representative Abood Date Jan. 22, 1982

II. FISCAL DETAIL

Agency Affected Health & Social Services  
Program Category Affected Offender Confinement Reformation & Supervision  
BRU, Program, Or Subprogram(s) Affected Adult Confinement  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL		1.0	1.1	1.2	1.3	1.4
300 CONTRACTUAL		6.0	8.7	9.5	10.4	11.3
400 COMMODITIES		4.8	14.9	16.2	17.7	19.3
500 EQUIPMENT						
600 LAND & STRUCTURES		483.0				
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>494.8</b>	<b>24.7</b>	<b>26.9</b>	<b>29.4</b>	<b>32.0</b>

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	494.8	24.7	26.9	29.4	32.0
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

A. Assumptions:

1. Estimated Conviction information was furnished by the Department of Law. They estimate that there would annually be one conviction for a Class B felony, 27 convictions for Class C felonies and 16 convictions of Class A misdemeanors for a total of 44 convictions
2. It is assumed that all convictions are of first time offenders.
3. The following table displays data regarding additional bed needs with enactment of HB C79:

IV. DATE February 11, 1982 PREPARED BY Roger C. Lange

Original: Legislative Finance PHONE 465-3376  
cc: Budget and Management AGENCY Division of Adult Corrections

Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

<u>Class of Offense</u>	<u>Expected No. of Convictions</u>	<u>% &amp; # to Jail</u>	<u>Ave. Sent- ence Length</u>	<u>Flat Years</u>	<u>Person Years</u>
B Felony	1	50%/5	2.5 Yr.	1.9	.95
C Felony	27	20%/5.4	1.09 Yr.	.82	4.43
A Misdemeanor	16	20%/3.2	.5 Yr.	.375	1.20
	<hr/> 44	<hr/> 9.1			<hr/> 6.58

Therefore, 6.58 new beds (Minimum) would be needed. For purposes of this fiscal note, this was rounded to the nearest whole number, resulting in 7 new beds identified as being required.

B. Cost Estimates:

1. Capital Expenditures

It is assumed that minimum to medium security beds would be the appropriate classification. It is estimated that this type of bed can be built, utilizing the fast track method, for approximately \$69,000 per bed. Therefore, Capital expenditures would be:

$$7 \times \$69,000 = \$483,000.$$

2. Personal Services

It is assumed that these 7 beds would be combined with other construction where staff have already been identified. Therefore, no costs are specifically identified in this fiscal note for staff costs, although staff will be required to provide security and supervision for the additional inmates.

3. Other Costs

Other costs identified reflect only food, clothing, bedding, and medical services necessary to meet the physical care and medical needs of the projected inmate increase.

4. Inflation of 9% per year was used for projecting costs after FY 1984, the year in which the total bed impact would be experienced.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 679  
 Title "An act relating to imitation controlled substances."  
 Requested by Repr. Beirne, House HESS Committee Date 2/11/82

II. FISCAL DETAIL

Agency Affected Department of Law  
 Program Category Affected Administration of Justice  
 BRU, Program, Or Subprogram(s) Affected Prosecution  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
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)

	0	0	0	0	0	0
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	0	0	0	0	0	0
FULL TIME						
PART TIME						
TEMPORARY						

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

It is estimated that enactment of this bill will result in 50 to 60 new criminal prosecutions throughout the state each year. This estimate is based upon a survey taken by the department, of local police agencies and the state troopers. Examined singly, no additional prosecution personnel will be required to implement the provisions of the bill. These new prosecutions, however, do represent additional workload which, when added to other crime bills, will have the effect of hampering the department's overall ability to prosecute criminal offenses.

IV. DATE February 16, 1982

PREPARED BY Richard I. Poyres Director, Admin. Svcs.  
 AGENCY Department of Law

Original: Legislative Finance  
 cc: Budget and Management

PHONE 465-2672

Prime Sponsor (First Legislator Named)

SECTIONAL ANALYSIS HB 679

" An Act relating to imitation controlled substances"

Sec.1 Amend Title 17 "Food and Drugs by adding Chapter 14-  
IMITATION CONTROLLED SUBSTANCES ACT

Sec.17.14.010 " MANUFACTURE OR DISTRIBUTION OF IMITATION CONTROLLED  
SUBSTANCE.

Unless a placebo-- see 17.14.050-- it is unlawful for a  
person to manufacture, distribute, or possess with intent to  
distribute, an imitation controlled substance. Class C felony.

Sec.17.14.020 DISTRIBUTION OF IMITATION CONTROLLED SUBSTANCE TO A MINOR.

A person violating previous section who is 18 or over and distributes  
an imitation controlled substance to a person under 18 is guilty of  
a Class B felony.

Sec.17.14.030 USE OF IMITATION CONTROLLED SUBSTANCE.

A person using, or possessing with intent to use, an imitation-  
controlled substance is guilty of a Class A misdemeanor.

Sec. 17.14.040 ADVERTISEMENT TO PROMOTE THE DISTRIBUTION OF AN  
IMITATION CONTROLLED SUBSTANCE.

Publication or solicitation to promote distribution of an Imitation  
controlled substance is a Class C felony.

Sec. 17.14.050 IMITATION CONTROLLED SUBSTANCE AS PLACEBO.

No violation if a person manufactures, distributes, or possess  
an imitation controlled substance solely for use as a placebo  
prescribed by a registered practitioner.

Sec. 17.14.060 FORFEITURE

All equipment used to manufacture an imitation controlled sub-  
stance(plus the substance itself), shall be forfeited to the state.

Sec.17.14.099 DEFINITIONS

Definition section for the new imitation controlled substance  
chapter. Terms defined are;

1. controlled substance-(same as defined in AS 11.81.900(6) which  
included, but is not limited to- narcotics, depressants, hallucinogenics,  
or stimulant drugs- as defined in AS 17.10.230 or 17.12.150(includes  
marijuana()).

2. "distribute"

3. "imitation controlled substance"..basically "means a substance that  
is not a controlled substance, which by dosage unit appearance(including  
color, shape, size, and marking) or by representations made would lead  
a reasonable person to believe that the substance is a controlled  
substance..."

4. "manufacture"

Doc -  
Reminder that  
Terry is still chairing  
the committee so  
don't bring up \$500  
until he gets here.

Roger Lang - Dept of Corrections  
will testify next  
Reg: 679

~~from~~ PAT CONHEADY  
DEPT. OF LAW

2-19-82

Obvoul

→ police abuse

400

— young people

— 44 states

— 7 beds ✓

69 g/bed const. cost

Rep Co ready

D.O.F LAW

H B  
6 8 2



Jay Barton  
President

UNIVERSITY OF ALASKA

FAIRBANKS ALASKA 99701

February 8, 1982

Dear Representative Beirne:

Thank you very much for the opportunity to offer comments and testimony on S.B.152, "An Act Changing the term of office for members of the Board of Regents of the University of Alaska and providing for an effective date." The issue to which your Committee is addressing itself is a most important one though the precise length of term for a Regent is not in itself of tremendous importance. I believe most states would agree that the term of an individual appointment should be longer than the term of the appointing authority - generally the governor. Hence, it is important that the term be more than four years here in Alaska. The bill you are considering specifies five - it meets the criterion.

The length of term should also be long enough to permit a regent to become fully aware of the complexities of the institution he or she serves and, hence, to be in a position to contribute substantively to the institution's future. Many of the UA Regents with whom I have talked informally have pointed out that becoming familiar with the operations and complexities of the University of Alaska requires a significant length of time - one Regent has suggested two years, another four. Hence, the length of term should be sufficiently long to allow a familiarization period and also a reasonably lengthy productive period. Obviously we should be cautious about cutting back too dramatically on the length of the term.

Beirne, Representative -2- Feb. 8, 1982

I think in considering the legislation before you there are more important considerations, however, than debating precisely how many years a Regent should serve. That concern deals with the whole question of the relationship of politics to University governance. My concern is that this legislation not be seen as an effort to stack the Board with political appointments. We need Regents of ability and commitment.

The issue has been addressed recently by a national body - the American Association of Governing Boards. I commend their recent publication entitled "Recommendations for Improving Trustee Selection in Public Colleges and Universities" to you for use by your Committee in reviewing the pending legislation. I am enclosing a copy, additional copies are available from the Association in Washington, D.C.

Let me quote some of the basic assumptions that underlie the selection of trustees for public governing boards as reported by the Commission.

- "1. The future of the lay governing board as a viable alternative to direct state or federal control of colleges and universities will depend in large measure on the competence of those who are chosen to serve as trustees and regents."

Beirne, Representative -3- Feb. 8, 1982

- "2. There has been a general and pervasive erosion in the autonomy of public governing boards and their presidents to manage internal affairs as a result of governmental regulatory initiatives. Such erosion threatens the independent authority for educational decisions which has been the strength of American higher education since its inception. Colleges and universities cannot fulfill their responsibilities to society if they are looked upon and treated as another public utility. Accordingly, it is even more crucial to select able women and men to serve on boards who can be effective in communicating the purposes of academic institutions and their need for a degree of autonomy from both the changing winds of partisan politics and demands by faculty and students for greater control of institutional affairs."
- "3. One manifestation of improper governmental intrusion is what seems to be the priority given to political rather than qualitative criteria in trustee selection processes."
- "4. The lack of diversity and balance in age, sex, minority status, geographic coverage, and professional expertise in board membership limits board perspective and seriously damages the board's legitimacy and credibility."

Beirne, Representative -4- Feb. 8, 1982

At the same time, upon assuming their positions trustees must function in the interest of the whole institution rather than of any of its separate constituencies."

- "5. Current board members, college presidents, public citizens, and others concerned about the academic community can and should serve as consultants to the appointing authority when board vacancies arise."
- "6. Governors, state legislators, and other public officials will welcome guidelines to strengthen trustee selection processes - guidelines which can be adapted to the particular circumstances of their states or systems of public higher education."
- "7. More open and systematic procedures for trustee selection will improve the probability that only highly qualified persons with a demonstrated commitment to higher education will be chosen to serve on public governing boards".

The report goes on to identify 18 recommendations for the selection of trustees or regents. The essence of these recommendations is that regents should be appointed by the governor from a list of nominees who have been carefully screened and qualified by a special nominating committee. The Commission recommends that political party affiliation should not be a criterion for appointment. The Commission also recommends that trustees be appointed for terms of not more than six years and

Bierne, Representative -5- Feb. 8, 1982

should not serve for more than twelve consecutive years. The Commission is a little negative with respect to the appointment of student regents and faculty regents. I am sure that you and the Committee will find the detailed recommendations of significance and application to the legislation.

There is a related issue that I think ought to be addressed. Many qualified and committed people in Alaska hesitate to serve on the Board of Regents or in other public capacities because of the highly detailed, and some say, harassing, conflict of interest statements that must be filed. There are simpler ways that are legally just as effective and yet are not quite as discouraging to individuals who might otherwise wish to serve in a public capacity. The AGB report speaks partially to this issue in its Appendix on potential conflicts of interest. I commend that section also for your consideration.

Many in Alaska have assured me that modifications of the conflict of interest disclosure procedures could go a long way toward encouraging many capable individuals to seek and hold public office. This issue, of course, is much broader than the appointment of members of the Board of Regents.

Beirne, Representative -6- Feb. 8, 1982

Thank you very much for the opportunity to provide this information. I would be most pleased to testify at greater length at your convenience.

Respectfully,



Jay Barton  
President

JB:dm  
Enclosure  
cc: The Honorable Charles Parr  
The Honorable Michael Beirne  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

# STATE OF ALASKA

JAY S. HAWKIND, GOVERNOR

## ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2854

December 22, 1981

The Honorable Albert P. Adams  
Alaska State Representative  
P. O. Box 333  
Kotzebue, Alaska 99752

Dear Mr. Adams:

I last wrote you concerning the State Student Loan Program on October 6 of this year. At that time I indicated that the loan program would be about \$7 million short this year. I further indicated our intention of funding fall-term for late loan applicants, but holding action for Spring-term awards (for these late applicants -- those applying after August 31, 1981) until we received legislative decision upon a supplemental request for the \$7 million. Also, at that time, I reported that we were 6 weeks behind in loan processing.

We are now current in our loan processing. All applications are now worked within a week of their receipt. As of December 18, 1981, we have awarded loans to 8,989 students, for a total commitment of \$37,831,015. Of these 8,989 students, 44.7% (4,019) are for students attending school in Alaska. The average loan award is becoming lower due to the fact that many awards are only for the fall term. It appears that if we receive our supplemental and fully-fund all applicants, the average loan for this year will be around \$4,300 (\$4,100 for undergraduate students and \$5,500 for graduate students).

A number of Legislators have expressed interest in a careful analysis of the entire loan program. The Commission totally agrees, and has been examining the program for several months. A detailed report will be distributed to the Governor and the Legislature some time in February. That report will examine alternatives for administrative and programmatic changes and will establish Commission priorities for the various approaches. Included in our study is a management audit by Peat, Marwick, and Mitchell and a statewide meeting of secondary school counselors. The management audit is to suggest methods of improving the handling of the loans by our office. The counselor meeting is to gain input from those persons dealing directly with the students when attendance decisions are being made. Since the management study will not be completed until late January, and since the counselor meeting will not be held until February 4-5, 1982, we will not be able to report fully until mid-February.

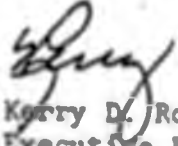
The Honorable Albert P. Adams

December 22, 1981

Page 2

Enclosed is a background paper for the counselor meeting. The paper contains most of the alternatives we are currently exploring. If you wish more information prior to our final report, please let me know and I will try to assist in whatever manner possible.

Sincerely,



Kerry D. Rosburg  
Executive Director

Enclosure

## Alternatives for Amending the Student Loan Program

The following alternatives for amending the current Alaska Student Loan Program are not meant to be exclusive, nor are they being suggested for adoption. Rather, they are simply those alternatives which have arisen from initial staff and Commission study and discussion. A number will surely be discarded as being impractical or unsatisfactory, but for the present, all must at least receive consideration.

Prior to presentation to the Legislature, the Commission will be establishing positions on each of these alternatives and will be assigning priorities for those being recommended for possible adoption if and when circumstances so warrant.

The order of presentation will be: those alternatives requiring administrative action, usually through regulations; those alternatives requiring legislative actions; and those miscellaneous alternatives dealing with the general administration of the program.

### Alternatives Accommodated Through Regulations

1. Enforce a loan application deadline. The current deadline for applying for a student loan is May 15 of each year (20 AAC 15.020 (a)). For most purposes this deadline date is ignored. Persons may apply for a loan at any time throughout the year, with the only restriction being that of 20 AAC 15.020 (d). Under that section of the regulations, a person may not apply for a school term which is one-half or more over.

An alternative is to set new realistic deadlines and then strongly adhere to those dates. Suggested deadlines are:

<u>For attendance</u>	<u>Application deadline</u>
Beginning July 1 - October 31	July 15
Beginning November 1 - February 29	November 15
Beginning March 1 - June 30	March 15

2. Restrict continuing loans to students maintaining certain grade-point averages. In order to receive a student loan, the student must be attending school full-time and be in "good standing". Good standing is defined by the Commission (through regulations) as having a 2.0 cumulative grade point average (g.p.a.) for undergraduate students and a 3.0 cumulative grade point average for graduate students (20 AAC 15.040(j)).

An alternative could be to raise the requirement for maintenance of "good standing". Undergraduate good standing could be defined as a g.p.a. of 2.5 or 3.0, and graduate could be 3.5. This could greatly reduce the number of eligible borrowers.

It is estimated that raising the requirement to 3.0 and 3.5 would eliminate as many as 50% of the current borrowers. This would mean a savings of as much as \$31 million in 1982-83.

3. Require residency verification. Student loans are available to eligible borrowers who are at least two-year Alaska residents. There has been a good deal of hypothesizing as to the extent of persons willing to perjure themselves by falsely claiming Alaskan residency in order to obtain a student loan.

The Commission could, by regulation, require that a student obtain four references willing and able to attest to the student's residency claim. This verification would also be under personal oath.

The process could slow down processing somewhat, but it should not require increased staff, and it should eliminate some of the potential for abuse.

#### Alternatives requiring Legislative Changes

4. Employ a needs test. The imposition of a needs test is based upon the logic that if funds cannot be provided to fund all Alaskans wishing student loans, then those who are "most needy" are the ones who should receive support. A needs test can be handled in at least two ways. First, a level of available funds could be determined. Then, all applicants could be ranked, based upon need, and awards could be made until funds were exhausted. Second, a minimum level of "need" could be set. All persons meeting the need criteria would be funded, all others denied.

A nationally-known needs test would be employed. The students would be required to fill out the needs analysis form, pay a fee for processing, and send the form to a processing center (probably in California). The center would report results to the student and the Commission.

This would not require increased staffing at the state level, but would slow processing considerably.

A needs test would require a parental contribution based upon family income levels and would penalize the dependent student, as opposed to the independent student.

A substantial amount could be saved annually, depending upon how restrictive either the funding level or the income levels were.

5. Deny loans for foreign study. Loans can currently be used for study at any approved institution. A small number of students, 20-25 in 1981-82, use these loans for study in foreign countries. These loans could be denied. The savings would amount to \$120,000 - \$165,000 annually.

6. Deny loans to freshmen borrowers. Since freshmen tend to be the largest credit risk (after vocational students), the entire group of freshmen borrowers could be denied loans. This currently accounts for 31.8% of the student loans, so the savings for 1981-82 would be \$11.3 million, and for 1982-83, as much as \$21.3 million.

7. Restrict loan use to only tuition, fees, and books, or tuition, fees, books, room, and board. The current practice is to loan for tuition, fees, books, room, board, and other educational expenses. These "other expenses" include personal expenses, child care, travel, etc. At the University of Alaska, these expenses account for 22 to 35% of the standard student budget. If room and board were also eliminated, the savings would be another 40 to 65%. Hence, the savings of eliminating all expenses other than tuition, fees, and books would be from 60 to 90% of the current loan levels.

In 1982-83, eliminating "other expenses" could save from \$15 to \$24 million. Eliminating all expenses but tuition, fees, and books, could save as much as \$40 to \$60 million. It should also be noted that such restrictions in borrowing eligibility would also result in forcing some students not to attend school. In fact, those that need the funds the most would be those most likely to be forced out of school.

8. Roll back the borrowing maximums. The 1981 Legislature increased the undergraduate borrowing maximum from \$3,000 per year to \$6,000 per year, and the graduate maximum from \$5,000 to \$7,000 per year. The program then experienced a 70% increase in borrowers, and a 288% increase in funds requested. While other factors undoubtedly contribute to this increase, the principal element is the new borrowing limit.

Reducing the loan maximum could profoundly affect the cost of the program. Rolling back to \$3,000 and \$5,000 would save as much as \$30 million in 1982-83, but it would also mean some students could not attend school. If the large increase in borrowing is in part attributable to the increased maximums, a reduction would mean forcing some students back out of the educational system.

9. Raise the interest rate charged on loans. The current interest rate on Alaska student loans is 5%. Federal student loans are now at 9%. The interest rate charged to students could be raised to 7%, 8%, 9%, or even 10%. Raising the rate could make the loans less attractive and thereby discourage some borrowers, but probably very few. The effect would be negligible for the first few years, but raising the interest from 5% to 9%, for example, could result in as much as \$1.3 million in 1986-87.

In order to prevent the necessity of legislative action every few years, the interest could also be based upon current interest rates for federal student loans. Therefore, when federal student loan interest rates change, the state's rates would also change.

10. Increase residency requirements for loans. To qualify for a student loan, a borrower must be at least a two-year Alaska resident. This could be increased to three, five, or ten years. All would save considerably over the present system; for example, raising to a five-year requirement would eliminate approximately 32% of the borrowers. In 1982-83, this could mean as much as \$20 million. However, it should be noted that the Attorney General has previously advised against such residency restrictions.

11. Eliminate forgiveness. If a borrower resides in Alaska after completion of study, up to 50% of the loan, including interest, may be forgiven (cancelled). This partial cancellation is earned at a rate of 10% per year of residence after completion of study, for up to five such cancellations.

If this provision were eliminated, a great deal of money would be saved eventually. It could not and would not affect the \$97 million already loaned under the program. Although the effect would be negligible for the next few years, there would be an increasing savings realized that would be at an annual level of \$2 to \$5 million by 1986-87.

There may be an impact which would not be desirable if this action were taken. The forgiveness, currently at 50%, is believed to be a significant inducement for persons to live in Alaska after completing study. Removal of that inducement would lessen the number of educated Alaskans remaining or returning to work in Alaska after schooling.

A second point should be made, and that is that the 1981 Legislature just took action raising the forgiveness from 40% to 50%.

12. Restrict loans to in-state students. Student loans could be made available only to those persons attending in-state educational institutions. This would save a considerable amount, since about 60% of all student loans are for study out-of-state. Some of those students would be forced to attend in-state if the loan program were not available, others would go out anyway, and still others would not go to school at all. The savings could easily be 40% over current levels. For 1980-81, that would be \$18.8 million, and for 1981-82, as much as \$26.8 million.

Previous legislative attempts at adopting this type of restriction were not very well received. Arguments against such a restriction included the absence of certain programs in Alaska, the issue of freedom of choice - particularly with a loan that had to be repaid, the issue of educational quality, the issue of educational diversity, and simply the issue of being able to leave home and experience life in another part of the country.

13. Eliminate interest waivers during in-school and other deferment periods. Interest and payments are currently deferred while the borrower is a full-time student, in the military, in the peace corps, serving an internship, on medical hardship and disability, and during a one-time unemployment period. Interest could accumulate during these periods. This would greatly increase the amount of interest to be paid and would increase monthly payments when the borrower enters the repayment cycle. The burden of repayment would be increased since the accumulated interest would be disbursed over the normal ten-year repayment period.

14. Establish a two-tier or dual, loan program. The state could continue to emphasize loans as its principal means of providing student assistance, but it could have two programs available. One, called something like the Alaska Basic Student Loan program, could be available only to those students able to demonstrate substantial "need". The loans could be varying amounts, dependent upon the level of need verified by a standard needs analysis, and should carry a low interest rate, such as 5%.

The second loan program, called something like the State Standard Student Loan Program, the State Supplemental Student Loan Program, or simply the State Student Loan Program, could be available to all those unable or unwilling to demonstrate the need required to qualify for a "basic" loan. This program could carry high interest rates, such as 10% or 11%.

Costs to the state would be decreased under such a plan, because of the higher income generated from the second program and also because a number of persons currently borrowing might choose not to borrow if the terms are less attractive. Forgiveness features would be at the discretion of the Legislature, but if these were eliminated, even greater savings would be realized.

### General Administration Alternatives

A. The Commission has been quite concerned about the timely handling and processing of loan awards. Some suggestions and alternatives have been identified which could improve this processing time.

15. Fully staff the awards division. The current awards staff consists of 7.0 full-time people. These include a division officer, an awards specialist, three awards clerks II, and two awards clerks I. Using the adopted staffing formula of 1.0 staff member per 1,000 loan awards, the division is understaffed by 36.4%, or 4.0 people. With the additional personnel, loan processing could continue and be kept current. The division was operating 30 days behind in loan processing as of November 1, 1981. Even working evenings and weekends, the current staff cannot service the loan applicants in an adequate and timely manner.

16. Maintain a revolving base for loan processing. The 1981 Legislature created a \$10 million revolving base for the program. This was to enable the processing of loans during February, March, April, and May. Unfortunately this benefit of the base was negated by the delay in program start-up this past year, but the concept of a revolving base is sound and would greatly improve loan processing by leveling the work load. The base, with the increased borrowing limits and volume of applicants, would need to be about \$25 million to be effective.

17. Eliminate the institutional sign-off on educational cost of attendance. The current procedure requires the applicant to have the school of attendance review the application and certify that the costs listed by the loan applicant are reasonable and appropriate for that particular institution. This step can cause great delays in the loan process. At times applications are lost or simply held by the schools until such time that the student does not receive funds in time for the beginning of school. If this step is eliminated, the process would be greatly accelerated.

The trade-off here is that the loan division would then have no check on the appropriateness of what the applicant says it will cost to attend a particular school. Budgets could be exaggerated to assure the qualification for a maximum loan.

B. The Commission has also expressed concern over administrative costs and growth of staff. Hence, a few alternatives to current practices have been explored.

18. Contract for loan collection with an outside agency. The current program only contracts out the basic receipt of payments. Coupon booklets are ordered and sent to loan recipients entering the repayment cycle. The monthly payments are then mailed to a "lock-box" contracted through a commercial bank. The bank receives the funds and transfers them to the state. The rest of the administration is handled in-house.

The increased loan volumes and the maturation of the program are creating large demands for increased staff. Using the adopted staffing formula, the current staff of 24.0 full-time persons will increase to 56.0 in 1982-83, 82.0 in 1983-84, and 106 in 1984-85. If state government is not to expand, alternatives need to be examined.

Loan collections actually consist of loan repayments and loan collections. Loan repayment is the routine repayment of loans, and loan collection is the collection of delinquent and default accounts. In exploring the use of an outside contractor, three approaches were explored: a nationwide loan management service, a commercial banking service, and a private collections agency.

(a) Loan management service. Three nationwide loan management services were contacted on behalf of the loan program. All three specialize in the collection of student loans and handle accounts for a number of institutions and states - usually federally guaranteed student loans. Since the Alaska program is so different from the federal program, one company would not submit a bid for servicing the Alaska loans, one did submit a bid, and a third has not responded definitively. The sound bid is from Wachovia Student Loan Management Services of Winston-Salem, North Carolina. Wachovia indicated a willingness to alter existing data processing software to handle Alaska's program. The costs, submitted October 27, 1981, are:

\$1.15 per borrower per month while in school  
\$2.00 per borrower per month during deferments  
\$2.85 per borrower per month during repayment

Wachovia will not be responsible for collection of delinquent or defaulted loans

Based upon current figures and estimates, the following cost comparison is made:

<u>Year</u>	<u>Wachovia</u>	<u>State</u>	<u>Difference</u>
1981-82	\$ 895,453	\$ 497,502	\$ (397,951)
1982-83	\$1,461,150	\$ 938,222	\$ (522,928)
1983-84	\$2,036,263	\$1,498,480	\$ (537,783)
1984-85	\$2,552,537	\$2,117,724	\$ (434,813)

Therefore, the cost of contracting these services would be considerably higher than "in-house" processing.

(b) Commercial banking services. Attempts to obtain sound bids from in-state banks have not been very successful. A few banks would be willing to administer all or parts of the loan program, but initial programming costs and staffing costs would be extremely high. Either the state or the borrower would have to absorb those costs and the result would again be increased cost to the state, when compared to maintaining the "in-house" servicing.

(c) Private collection agency. A number of private collection agencies will attempt to collect our "bad debts", i.e., the delinquent and defaulted loans; however, the charges all are around 50% to 65% of the amount recovered. This charge far exceeds that currently being paid the five persons handling these collections "in-house". The collection rate for the current staff for "bad debts" is averaging over \$200,000 per staff member per year.

19. Combine this loan program with other state loan programs. This alternative has been explored before and has been found to be not a workable alternative. The Legislature made this determination when all loan programs were being re-examined and re-vamped two sessions ago. They found that student loans should not be included in any type of large loan package portfolio, particularly if the bond market is to be involved.

Additionally, the transfer of the program to another state agency would not reduce administrative costs, rather it would simply transfer existing costs to another agency and would, in fact, result in increased costs to the state due to inefficiencies which would necessarily occur. The ability now exists to "package" a student's aid. The Commissioner administers three other programs (besides the loans) which affect a student's need for financial assistance. Currently all four programs are coordinated at the time of award and the problems of over-awarding are avoided. This would not be as easily accomplished with a second agency involved. A certain amount of staff over-lap would be necessary with another agency involved.

#### Additional Financial Assistance Concerns

Alaska currently has a large loan program, a small, nearly non-existent federally-matched grant program, and no state scholarship or state work-study program. Each of these programs, other than loans, will be briefly described or discussed below.

Grants. The state currently participates in the federal/state cooperative State Educational Incentive Grant Program (SEIG). This is a "need-based" grant which requires a needs analysis of all applicants. Grants of up to \$1,500 per year are awarded for undergraduate attendance. In 1981-82 over 2,000 Alaskans applied for these grants, but funds were available to award grants to only 162. This program requires a federal match and is being drastically reduced in the current federal budget cuts.

There is a bill, SB 207, currently in the Legislature which would establish this program as an Alaskan program and would provide grants of up to \$3,000 per year.

Scholarships. Alaska currently has no state-level scholarships for outstanding high school seniors. Two bills currently exist which would establish scholarship programs. SB 310 would establish the Alaska State Scholarship Program and would provide competitive scholarships for in-state attendance. The scholarships would provide \$4,000 per year, and the student would need to maintain a grade-point-average of 3.25 to keep the scholarship.

SB 301 would establish the Alaska Cooperative Scholarship Program which would provide matching funds for private sources of scholarships. The scholarships would be for up to \$5,000 (\$2,500 state) per year, and the student would need to maintain a 3.0 grade average to keep the scholarship. The scholarships would be available for undergraduates attending in-state.

State Work Study. College Work Study, a federally-funded program, exists in Alaska, but only on a very limited basis. Some states, most notably Washington, have created state work-study programs directly designed to provide assistance for their in-state students. Alaska has no such program, but it is a possibility for the future. Under such a program, a student would be eligible to work for up to an average of 20 hours per week with a cooperating employer. The state would pay 65% of the student's wage and the employer would pay the remaining 35% for up to a pre-determined "need" level.



# Alaska State Legislature

## House of Representatives

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

January 20, 1982

To: Representative Mike Beirne  
House HESS Committee

From: Speaker Joe Hayes

RE: Student Loan Program

Dear Mike:

As per the letter from Representative Terry Martin regarding suggestions in the student loan program, I have instructed my staff to research the question.

That information has been passed on to me and I include my recommendations as per the committee request.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Joe Hayes".

Joe Hayes  
Speaker of the House

ALTERNATIVES FOR AMENDING  
STUDENT LOAN PROGRAM

1. I agree with the proposal to enforce a loan application deadline. If we have stipulated that May 15 be that deadline, it should not be ignored. However I notice you have proposed new deadlines which appear more realistic and acceptable.
2. I would be in favor of increasing the GPA for undergraduates to 2.5 for a continuing loan. This would be in keeping with a GPA many institutions require for entrance and is an acceptable level for a student to maintain. However I think the 3.0 level should remain for graduate work. Establishing a 3.5 level appears excessive at this point in time.
3. I agree with some system to require residency verification if it will indeed curb some present abuse.
4. The needs test appears to be one of the major factors needed to improve the loan program. The student body president at UAA has expressed a desire to see a strong needs assessment. Your proposal appears acceptable as proposed. However a good look must be taken at how much effect this would have on the time needed to process applications. In any case I do support some type of needs test. That test should not only specify what the parent's income level is but what they are contributing to the education. There are many instances of rather wealthy parents who choose not to pay for their children's education.
5. Denying loans for foreign study would save little money and at this time is not a major problem.
6. Denying loans to freshman borrowers would deny many Alaskans from seeking continuing education either inside or outside the state. If we are to have a loan program for education as this...denying freshmen a chance to partake is not acceptable.
7. At this time I don't favor new legislation restricting loans only to tuition, fees, books, room and board. It has been shown that there are many other costs associated with attending college. I think if we can curb abuses in other areas and set up a strict needs assessment, we won't have to address this issue.
8. I would likely suggest rolling back the maximum loan for undergraduates to perhaps \$4500 or \$5000. The doubling of the amount last year to \$6000 created a high demand for loans. While there was a need to increase the amount, we may have overdone it. Lowering the amount would either cut the cost for the program or allow more Alaskans to take part. The graduate level may be appropriate as is. If any reduction is aimed at, I would probably support a cut to \$6000 but probably not much further.

8. cont. It's well known that graduate work tends to cost more than undergraduate work although many graduates may supplement loans with income as graduate assistants. Out of state tuition costs on both a graduate and undergraduate level continue to rise dramatically.
9. The 5% interest rate appears acceptable at this time. Remember that most of these students will be in a first job following graduation with limited incomes. However, I might suggest that perhaps a base of the first \$3000 be set at a five per cent interest and interest then increasing for added amounts. Example: 6% on the next one thousand dollars and 7% above that. This perhaps might cut down somewhat on students taking larger loans than they really need.
10. The current residency requirement of two years should remain as is. I believe many students would be denied an education in state if this were changed. As the University's programs become widely recognized, we are seeing an influx of out of state students. We should not hinder their efforts to take part in what our University has to offer.
11. I am not in favor of eliminating forgiveness. This is a major factor in keeping those students who take part in the program in Alaska. I recommend no change at this time.
12. For the reasons stated, I am also against restricting loans to instate students.
13. I would be against elimination of interest waivers during in school periods. It places an unnecessary burden on those borrowing the loan.
14. The dual loan program deserves some further thought. As per #9 above, I think the plan may have some merit. I urge further consideration.
15. I agree that loan applications need to be processed in a timely fashion and perhaps the addition of more personnel would accomplish this. I would support the added personnel as long as the overall budget guidelines we have established are followed.
16. Increasing the revolving loan base is also a good idea.. again if it fits within the overall budget guidelines.
17. I am against elimination of the institutional sign off. While I realize this may slow down the process, there must be some check on the loans as to how much money is needed at an institution. If we are to eliminate this step, it should be replaced with a viable alternative to track the loans.

18. I have no recommendation on the contracting of loan collection with an outside agency at this time. This matter will have to be studied further. We will have to explore what the cost benefits are and drawbacks. I agree the private collection agency route is not a way to go.
19. I agree with the report that this program should not be consolidated with other loan programs.

#### ADDITIONAL FINANCIAL ASSISTANCE

I believe this area deserves a lot of consideration. The State of Alaska is providing financial aid largely through the loan program with little other form of aid.

Washington State, for example, provides aid through a combination of federal, state grants, scholarship, loans and work study. Consideration should be given to establishing a comprehensive financial aid package.

State grants must be tied to established need factors.

I believe that scholarships in a limited amount would also be beneficial as proposed in current legislation.

I strongly urge that a study be made of work study programs in other states such as Washington..and that, if feasible, such a program be implemented in Alaska.

The student loan program is a good program but does need changes. The basic focus should remain to provide funds to as many Alaskans as possible who truly need the financial assistance to obtain an education. Those funds should be distributed as quickly as possible to avoid inflicting financial hardships on students.

There should be no restriction on where the student may obtain an education but there should be an incentive to bring that student back to Alaska if he/she goes outside. In that way both the student and the state stand to benefit.

# Alaska State Legislature

REPRESENTATIVE  
BERNIE BYLSMA  
SRA BOX 4108  
ANCHORAGE, ALASKA 99502  
1907) 348-0882



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4979  
REPRESENTING  
DISTRICT II

## House of Representatives

### MEMORANDUM

TO: Rep. Mike Beirne, Chairman  
House HESS Committee

FROM: Rep. Bernie Bylsma

DATE: January 26, 1982

RE: Student Loan Program Amendments

#### Postsecondary recommendations:

- #1 Enforcement of deadlines,
- #2 G.P.A. 2.5 and graduate 3.25,
- #3 Verification requirement.

Use all of the above.

#### Legislative requirements:

- #7 No "other expenses",
- #8 Roll back to \$4,500 and \$6,000,
- #10 Possible increase to 3 years residing requirement,
- #17 Eliminate sign off.



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Health, Education & Social Services

Poach V  
State Capitol  
Juneau, Alaska 99801

February 10, 1982

### SECTIONAL ANALYSIS-HB 683

#### Section 1

AS 14.40.140 is amended to reduce the term of office of the Board of Regents from the present eight year term to five. It also specifies that the members will serve staggered terms.

#### Section 2

All current members of the Board would be allowed to complete their terms. The first two appointments and/or reappointments would serve for two years, the next two would serve for three years and so on. The effect of this clause is to provide a gradual phasing in of staggered five year terms.

H B

686

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

1/22/82

Date: 2/2/82

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 686

"An Act making appropriation adjustments in FY 1982 appropriations for corrections and Aid to Families with Dependent Children; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- [ ] do pass [ ] do not pass
[ ] do pass with attached amendments(s)
[xx] replace with CS for HB 686 (H. 100) [xx] same title [ ] new title
and recommends
[ ] AND attaches a "Letter of intent" [ ] New Fiscal Note
[ ] reports it back without recommendation
[ ] referred to the Committee

MEMBERS SIGNING DO PASS

Handwritten signatures of committee members who support the bill.

MEMBERS HAVING OTHER RECOMMENDATIONS:

Blank lines for members to provide other recommendations.

Handwritten signature of the committee chair.

CHAIRMAN

HOUSE BILL 686

CATEGORY	DIFFERENCE	NEW POS.	TOTAL POS.
Palmer	1,206,500	35	64
Anchorage CC	46,000	--	31
Juneau CC	48,500	--	45
Fairbanks CC	314,500	5	55
Ketchikan	73,300	--	18
Annex (Anchorage)	213,600	5	48
ERCC	268,300	1	51
Ridgeview Manor	58,300	24	44
Nome	( 38,900)	--	13*
Juneau Women/Juv.	( 42,600)	--	10*
Master Plan Pool	62,200	--	9
Prison Industries	( 46,300)	--	5*
Ridgeview Men's	no dif 500,000	NOT STATED	
Out of State Cont.	( 310,200)	NOT STATED	
Medical/Guards	396,300	--	8
Totals	\$2,750,000	70	401

\*Reduction not reflected

The Honorable Joe Hayes  
Speaker  
House of Representatives  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear *Joe* Speaker:

I would like to bring to your attention a crisis situation which affects the public safety of Alaskans living in our major urban areas, and which requires immediate action by the Legislature. That problem is the skyrocketing prison population. Division of Corrections data show that our prison system is overburdened with prisoners and suffering from a shortage of staff. In addition, the Division's prisoner profile data demonstrate that we are locking up more felons for longer periods of time, indicating the problem may be long-term in nature.

The explosive growth confronting the Division is best demonstrated by "booking" data. In 1975 there were 13,281 bookings throughout the prison system. The Division is projecting more than 18,000 bookings during this fiscal year and could well see 20,000 bookings during calendar year 1982. The logistics of dealing with the interviews, personal property, photographs, fingerprinting, bail, attorneys and transportation of that number of people are the cause of some of our difficulties at the 6th Avenue facility. In order to comply with a December 1981 court order by Judge Carlson, and to meet other treatment standards mandated by the court by February 19, 1982, the Division of Corrections must shift inmates from the 6th Avenue facility to other facilities statewide.

A. You know, through our mutually cooperative past efforts, the Legislature and Administration have attempted to address this problem by allocating substantial amounts of operating and capital funds to the Division. The ongoing capital program will result in 25 to 40 new beds coming into service at the Ridgeview correctional site in Anchorage. At the same time that these beds are added, however, some of the capacity at 6th Avenue will be taken out of service, so this will result in a net gain of only 15 beds.

In March, the 100 beds authorized for Palmer will be ready for occupancy. This facility will have developed from concept stage to occupancy in ten months due to a "fast track" process and the hard work of the Division's staff.

Other projects now underway and the expected completion dates include:

1. The Bethel jail, with a planned occupancy of 30 beds, will be ready by May, 1982; originally it was scheduled to open in September. The old Federal Jail now used in Bethel will be discontinued when the new jail is opened.

HOUSE JOURNAL  
SUPPLEMENT

January 29, 1982

No. 8

2. In Juneau, the women and children's facility will open next month. This is a joint-use facility with four beds for women and three detention beds for juveniles. The availability of these beds will create an equal amount of space at the Southeast Correctional Facility at Lemon Creek.
3. Also in Juneau, the Lemon Creek facility, with a capacity of 95 beds has been scheduled for interior remodeling. This project is scheduled for completion in October 1983, and will result in a net increase of 16 beds.
4. In the Anchorage area, in addition to the Palmer and Ridgeview projects already mentioned, the new Pret Road pre-trial and pre-sentence facility with 180 beds is scheduled for completion in December, 1982.
5. While the present 6th Avenue facility was planned to be returned to the lessor, the Municipality of Anchorage, it now appears necessary to retain it as a correctional facility. The Ridgeview facility was also scheduled to be taken out of service when the new women's unit was opened at the Eagle River Correctional Center; however, Ridgeview was kept on line because of the population pressures and now houses about 50 sentenced misdemeanants. Of course, we have coordinated our efforts regarding this facility in the past with Mayor Sullivan and with the present administration of Mayor Knowles.
6. The Eagle River Correctional Center now has 80 more beds for males under construction with a scheduled completion date of July, 1982.
7. There will be 67 additional beds at the Fairbanks adult correctional center expected to become available in October, 1983.
8. The facility in Nome, with 32 beds, is scheduled for completion in the fall, 1983. This will be again offset by the old beds and facility being taken off line.
9. Progress in constructing the Bethel jail is moving with site selection and preparation. A scheduled completion date has not been determined.

We believe these actions -- together with passage of my FY83-84 corrections budget -- will ultimately help alleviate the long-term prison population problem. However, the immediate problem of a presently burgeoning prison population and Judge Carlson's rulings presented me with an immediate problem. As Governor, I am responsible for making certain that the public safety of all Alaskans is guaranteed. Therefore, I asked Commissioner Deirne and my staff to develop a short-term plan to insure that the increasing number of prisoners would be kept in secure facilities under humane conditions.

I also requested the Department and my staff to review each appropriation in the agency's FY82 budget to determine if there were potential sources of existing funds that could be used to implement any plan we developed, thereby avoiding the need to request supplemental general funds from the Legislature. After a considerable amount of review and discussion of options, I decided to implement a plan by taking the following actions:

1. Open the Palmer Facility ahead of schedule on March 1, 1982 and provide immediate staffing of 35 positions. The Department plans to move prisoners from overcrowded facilities throughout the state to Palmer as soon as it opens.
2. Increase the capacity of Ridgeview men's facility from 45 to 80 beds and authorize additional positions to accommodate the expanded population.
3. Provide a 56 bed modular addition to the Fairbanks facility and authorize five positions to staff the additional beds.
4. Authorize five positions for the Anchorage 6th Avenue Annex to bring the facility into compliance with Judge Carlson's order.
5. Add 13 beds to the special treatment unit at Eagle River and provide one position to staff the additional beds.

I propose a no cost, "delete/add" appropriation to cover the cost of the plan I authorized in December. Put simply, the plan -- totaling \$2.75 million -- would require no new additional funds as it would be covered by savings incurred in other programs in the Department. However, due to the prohibition of transferring funds between appropriations, Legislative approval of the no cost appropriation is needed.

I recognize that the issue of adding new positions is one of great sensitivity to the House. However, considering the crisis situation which faces the corrections system, and the resultant potential danger to the public safety of Alaskans living in Anchorage, Fairbanks, Eagle River, Palmer, Juneau and other areas of the state, I had no choice but to authorize immediate hiring of 70 new staff to address it. To date, the Department has hired 24 people to fill the positions which I authorized.

The "new position" issue is complicated by the fact that the Legislature overrode my veto of language to the FY82 budget bill which limits the number of positions which an agency may fill. It is our view that, even assuming that the Legislature can limit the Executive's authority to hire the number of people it considers necessary in carrying out the law, this provision in the budget bill amounts to an attempt by the Legislature to make substantive law in an appropriation bill, which, of course, is illegal. Therefore, we view this provision as a nullity. We are exploring possible

courses of action to address this matter and therefore will not deal with it further in this letter. However, knowing the House's interest in this issue, and in an attempt to work cooperatively with its members to solve this serious problem, the following actions are being requested or taken:

1. I am submitting a \$2.75 million no cost, "delete/add" appropriation bill to the House for review and, hopefully, rapid approval. Funding for this appropriation would cover the costs of the 70 corrections positions noted earlier in this letter.
2. I have directed Commissioner Beirne and her staff to be available to discuss this matter with you and other members of the House.
3. I am ordering Commissioner Beirne to cease recruitment and hiring of persons to fill the remaining 46 positions which I authorized in December, pending legislative approval of the proposed appropriation.
4. If the no cost, "delete/add" appropriation is not passed by the Legislature by February 5, 1982, I'll have little recourse but to order Commissioner Beirne to terminate the 24 persons who have been hired to address the crisis situation.

As you can readily determine, my Administration is placed in a very difficult position on this matter. The State Constitution charges me with providing for the public safety of all Alaskans. Clearly, the crisis in corrections poses serious potential public safety problems for each community in which a correctional facility is located and to the public in general.

This is but demonstrated by the recent escape attempt -- which was nearly successful -- at the 8th Avenue facility in Anchorage. Although I am not stating that escape attempts will be commonplace at our correctional facilities if my plan is not approved by the House, I am stating that the potential for dangerous felons escaping from jail will be greatly increased, as will the potential for inmate violence and the host of other dangerous acts that traditionally go hand in hand with overcrowding.

Another problem we face in this matter is the potential for further judicial action to address the overcrowding situation. The range of possible remedial action runs the gamut of court-ordered transfer of prisoners to -- as has occurred recently in other states -- action to release prisoners.

HOUSE JOURNAL  
SUPPLEMENT

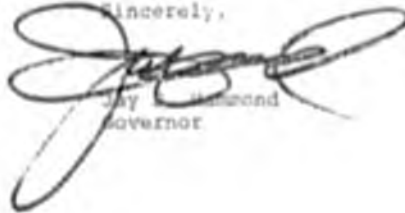
No. 8

January 29, 1982

I took my action in December to address this immediate problem and to respond to Judge Carlson's court order. However, overriding my veto of budget bill language which limits the number of positions the executive branch may establish and fill at each of the state's correctional facilities, the Legislature has created a serious problem for the people of Alaska and me as Chief Executive; one in which I am limited in what I can do and therefore will require your assistance to overcome. Complicating the situation is Representative Adams' well-publicized statements that he will not authorize any new positions in the FY83 operating budget, and in fact, plans to delete nearly \$300 million from it. In view of these pronouncements, it would appear unwise to add 70 new positions to the Division of Corrections staff, only to have them eliminated by the House in the FY83 budget. Therefore, I would appreciate an early indication of the House's intent in regard to my no cost, "delete/add" appropriation and to the Division's FY83 budget request. I am determined to solve this problem, but will need your help to do it.

If I, Commissioner Beirne, or my staff may be of assistance to you in your policy deliberations on this matter, please do not hesitate to contact us.

Sincerely,



Jay Hammond  
Governor

## CORRECTIONAL FACILITY STAFFING - FY 82

FACILITY: Juneau	CAPACITY:	NORMAL 95	EMERGENCY 100
DESIGN CONCEPT: Maximum Custody Facility			
STAFFING PATTERN & SHIFT SCHEDULE: This facility works three 8 hour shifts - 7 days per week			

## SECURITY STAFF

	POSITION	DAY	SWING	NIGHT
1	CO III	1	1	1
2	CO II & I	9	7	5
3				
4				
5				
6				
EMPLOYEES PER SHIFT		10	8	6

## PROGRAM STAFF AND LTC EMPLOYEES

	POSITION	DAY	SWING	NIGHT
1	CO III - Admn. Officer	1		
	CO II - Recreation Officer	1		
2	CO II - Crew Supervisor	1		
	CO II - Trans. Officer	1		
	CO III - Projects Officer	1		
3	Nurse I	1		
	Supt.	1		
4	Asst. Supt.	1		
	Clerk Typist III	1		
5	Probation Officer	2		
	Cook WG III	1		
6	Maint. Mech. WG III	1		
	Clerk Typist II	1		
7	Education Associate	1		
	Maint. Worker I	1		
8	Voc. Ed. Instructor	1		
	Social Worker III	1		
9	Cook WG VI	1		
10				
EMPLOYEES PER SHIFT		19		

NOTE:

Population as of 1/13/82 = 111  
1 CO III & 1 CO II assigned to relief shift

FY 84 36 beds approx.  
budget

FY 82 50 requested budget

CORRECTIONAL FACILITY STAFFING - FY 82

<b>FACILITY:</b> Name	<b>CAPACITY:</b>	<b>NORMAL</b> 28	<b>EMERGENCY</b> 30
<b>DESIGN CONCEPT:</b> Medium Custody Facility			
<b>STAFFING PATTERN &amp; SHIFT SCHEDULE:</b> This facility works three 8 hour shifts - 7 days per week			

**SECURITY STAFF**

	POSITION	DAY	SWING	NIGHT
1	CO III	1		
2	CO II & I	3	2	2
3				
4				
5				
6				
<b>EMPLOYEES PER SHIFT</b>		<b>4</b>	<b>2</b>	<b>2</b>

**PROGRAM STAFF AND LTC EMPLOYEES**

	POSITION	DAY	SWING	NIGHT
1	Asst. Supt.	1		
2	Clerk Typist III	1		
3	Coat. WG VI	1		
4				
5				
6				
7				
8				
9				
10				
<b>EMPLOYEES PER SHIFT</b>		<b>3</b>		

**NOTES:**

Relief shift CO II - 2  
Population as of 1/13/81 - 22

approp. FY 84 32-50 beds (-existing 21)  
budget  
FY 84 21 beds requested

CORRECTIONAL FACILITY STAFFING - FY 82

<b>FACILITY:</b> Alaska Women's Facility	<b>CAPACITY:</b>	<b>NORMAL</b> 28	<b>EMERGENCY</b> 35
<b>DESIGN CONCEPT:</b>  Medium custody facility, campus style setting			
<b>STAFFING PATTERN &amp; SHIFT SCHEDULE:</b>  This facility works three 8 hour shifts - 7 days per week			

**SECURITY STAFF**

	POSITION	DAY	SWING	NIGHT
1	CO III	2	1	1
2	CO II & I	3	4	3
3				
4				
5				
6				
<b>EMPLOYEES PER SHIFT</b>		<b>5</b>	<b>5</b>	<b>4</b>

**PROGRAM STAFF AND LTC EMPLOYEES**

	POSITION	DAY	SWING	NIGHT
1	Asst. Supt.	1		
2	Cook WG VI	1		
3	Clerk Typist III	1		
4	Maint. Mechanic WG II	1		
5	Inst. Instructor	1		
6				
7				
8				
9				
10				
<b>EMP. TOTALS PER SHIFT</b>		<b>5</b>		

**NOTES:**

CO III relief shift  
Population as of 1/13/R: = 24

FY 85 budget 15 beds requested

## CORRECTIONAL FACILITY STAFFING - FY 82

FACILITY: Eagle River	CAPACITY:	NORMAL 80	EMERGENCY 100
DESIGN CONCEPT: Medium custody facility, campus style setting			
STAFFING PATTERN & SHIFT SCHEDULE: This facility works three 8 hour shifts - 7 days per week			

## SECURITY STAFF

	POSITION	DAY	SWING	NIGHT
1	CO III	1	1	1
2	CO II & I	5	6	6
3				
4				
5				
6				
	EMPLOYEES PER SHIFT	6	7	7

## PROGRAM STAFF AND LTC EMPLOYEES

	POSITION	DAY	SWING	NIGHT
1	CO III - Acting Supt.	1		
	CO III - Asgn. Vern Caulkins	1		
	CO III - Housing Unit Supv.	1		
2	CO III - Admin. Supv.	1		
	CO III - Admissions Officer	1		
3	CO III - Maint. Officer	1		
	CO II - Wing Counselors	4		
4	CO II - Supply Officer	1		
	CO II - Maint. Officer	1		
5	CO II - Admissions Officer	1		
	CO II - Recreation Officer	1		
6	CO I - Clerical Officer	1		
	CO II - Trans. Officer	1		
7	Asst. Supt.	1		
	Supt.	1		
8	Clerk III	1		
	Clerk IV	2		
9	Psych Counselors	2		
	Food Service Mgr.	1		
10	Probation Officer II	2		
	Instr. Instructor	1		
	EMPLOYEES PER SHIFT	27		

## NOTES:

CO III relief shift, CO II relief shift, CO II vacant position  
Population as of 1/13/82 - 113      FY 82 approp. 80 beds

CORRECTIONAL FACILITY STAFFING - FY 82

FACILITY: Ridgeview Men's	CAPACITY:	NORMAL 45	EMERGENCY 45
DESIGN CONCEPT:  Facility for sentenced male misdemeanor offenders			
STAFFING PATTERN & SHIFT SCHEDULE:  This facility works 12 hour shifts - 7 on/7 off			

SECURITY STAFF

POSITION	A		B		C		D	
	Sft.	DAY	Sft.	DAY	Sft.	SWING	Sft.	NIGHT
1 CO III	1							
2 CO II & I	2		2		2		2	
3								
4								
5								
6								
EMPLOYEES PER SHIFT	3		2		2		2	

PROGRAM STAFF AND LTC EMPLOYEES

POSITION	DAY	SWING	NIGHT
1 Cook WG VI	1		
2 Maint. Mechanic II	1		
3			
4			
5			
6			
7			
8			
9			
10			
EMPLOYEES PER SHIFT	2		

NOTES:

Does not include vacant positions ( 3 CO II's ) 35 beds FY 82 requested supp.  
Population as of 1/13/82 = 48

## CORRECTIONAL FACILITY STAFFING - FY 82

FACILITY: Anchorage Annex (6th Ave.)	CAPACITY:	NORMAL 96	EMERGENCY 128
DESIGN CONCEPT: Minimum custody booking and pre-trial facility			
STAFFING PATTERN & SHIFT SCHEDULE: This facility works 12 hour shifts - 7 on/7 off			

## SECURITY STAFF

POSITION	A	B	C	D	NIGHT
	Shift DAY	Shift	Shift SWING	Shift	
1 CO II	1	1	1	1	
2 CO II & I	7	7	7	6	
3					
4					
5					
6					
EMPLOYEES PER SHIFT	8	8	8	7	

## PROGRAM STAFF AND ITC EMPLOYEES

POSITION	DAY	SWING	NIGHT
1 CO III - Admin. Officer	1		
CO III - Booking Officer	1		
CO III - Trans. Officer	1		
2 Supt.	1		
Clerk Typist III	1		
3 Clerk Typist II	2		
Cook M6 III	1		
4 Asst. Supt.	1		
Probation Officer II	1		
5 Maint. Mech. No II	1		
6 Cook M6 VI	1		
7			
8			
9			
10			
EMPLOYEES PER SHIFT	17		

## NOTES:

Population as of 1/13/82 = 133

Court order to stay at 96

## CORRECTIONAL FACILITY STAFFING - FY 82

FACILITY: Ketchikan	CAPACITY:	NORMAL 28	EMERGENCY 30
DESIGN CONCEPT: Medium custody facility			
STAFFING PATTERN & SHIFT SCHEDULE: This facility works three 8 hour shifts - 7 days per week			

## SECURITY STAFF

	POSITION	DAY	SWING	NIGHT
1	CO III	1	1	1
2	CO II & I	4	3	2
3				
4				
5				
6				
EMPLOYEES PER SHIFT		5	4	3

## PROGRAM STAFF AND LTC EMPLOYEES

	POSITION	DAY	SWING	NIGHT
1	Cook WG VI	1		
2	Asst. Supt.	1		
3	Clerk Typist III	1		
4	CO II - Admin. Officer	1		
5				
6				
7				
8				
9				
10				
EMPLOYEES PER SHIFT		4		

## NOTES:

CO III's working relief shift - 2  
 Population as of 1/11/82 - 25

FY 82 28 beds  
 FY 83 30 new beds approp.  
 FY 85 ... two, requested

**CORRECTIONAL FACILITY STAFFING - FY 82**

<b>FACILITY:</b> Palmer	<b>CAPACITY:</b>	<b>NORMAL</b> 113	<b>EMERGENCY</b> 123
<b>DESIGN CONCEPT:</b>  Minimum custody facility, program oriented			
<b>STAFFING PATTERN &amp; SHIFT SCHEDULE:</b>  This facility works 12 hour shifts - 7 on/7 off			

**SECURITY STAFF**

	POSITION	DAY	SWING	NIGHT
1	CO III	2	2	
2	CO II & I	4	4	
3				
4				
5				
6				
	<b>EMPLOYEES PER SHIFT</b>	<b>6</b>	<b>6</b>	

**PROGRAM STAFF AND LTC EMPLOYEES**

	POSITION	DAY	SWING	NIGHT
1	Crew Supervision CO III	2		
2	CO II & I CO II - Food Services	6 1		
3	CO II - Supply	1		
4	CO III - Administration Supt.	1 1		
5	Asst. Supt. Probation Officer II	1 2		
6	Inst. Instructor Acct. Clerk II	1 1		
7	Clerk Typist III	1		
8				
9				
10				
	<b>EMPLOYEES PER SHIFT:</b>	<b>18</b>		

**NOTES:**

Population as of 1/11/82 - 99

FY 82 100 beds approp.  
FY 82 24 beds

>> operation supp.  
>> to staff 124 beds