

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1521 SHESS SB 521 - SB 615

April 27, 1981

provided by a village council are furnished on a non-discriminatory basis.

A much less easily resolved problem lies in another provision of the Alaska Constitution, article X, section 2:

All local government power shall be vested in boroughs and cities. The State may delegate taxing powers to organized boroughs and cities only.

This limitation of "local government power" to boroughs and cities is preceded by a purpose clause which states:

The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units.

The record of the debates at the Constitutional Convention makes it clear beyond reasonable doubt that this three-fold statement of purpose and construction precisely and concisely sums up the essence of the article on local government and the intent of its framers. The framers perceived three evils hobbling local government in Alaska and elsewhere: One, there were a multiplicity of overlapping, special (often single) purpose districts, each little known to the average voter and each monomaniacally pursuing its own goals in disregard and often in conflict with other special purpose districts occupying the same, or part of the same, area. Two, many of these districts operated on revenues from special purpose projects, for example sewage disposal districts. Others levied taxes. Their single purpose orientation, lack of centralized control and responsibility, distance from any meaningful relationship to the voters, and lack of any need to compete for a share of an integrated budget made tax levies and expenditures excessive and irrational. Three, the courts had hobbled local governments with general rules for construing their powers under which local governments could not respond to pressing needs because they could not find some express provision of a statute or charter which gave them the power to act on the subject. The framers crafted article X to cure or remove all three evils. Fairview Pub. Util. Dist. No. 1 v. City of Anchorage, 368 P.2d 540, 543-545 (Alaska 1962).

The provisions of article X carry out the framers

purposes. They prescribe that a "liberal construction shall be given to the powers of local government units." Alaska Const., art. I, § 1. They limit local government powers to cities and boroughs. Id., § 2. They allow the legislature to delegate taxing power to boroughs and cities only. Id. They prohibit new special districts ("service areas") from being established "if, consistent with the purposes of this article, the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city." Id., § 5. The adoption of home rule charters is placed in the hands of local voters, id., § 9, and home rule local governments have all powers not prohibited by law or charter. Id., § 11. Finally, to make boundary changes, including mergers, as easy as possible, a state commission is empowered to change them, subject only to a two-house veto by the legislature. id., § 12. In other words, if the constitution is followed, none of the three evils the framers sought to cure and avoid can exist in Alaska.

The use of traditional village councils or IRA councils to provide local government services is at odds with the constitution's provisions on local government. The public services they would perform are those which local governments perform. The Alaska Constitution limits the exercise of those powers by political subdivisions of the state to boroughs and cities. The tribal councils are neither. If they are duly organized under section 16 of the Act, 25 U.S.C.A. 476 (1963), they are tribal governments with sovereign immunity. Parker Drilling Co. v. Metlakatla Indian Community, 451 F.Supp. 1127 (D. Alaska 1978); Atkinson v. Haldane, 569 P.2d 151 (Alaska 1977). Financing a broad range of tribal government activities on the part of the councils is not for a public purpose of the state. Financing a broad range of non-tribal, local government activities through the councils would effectively raise them to the status of local governments. That conflicts with the constitutional mandate that the legislature may only use cities or boroughs to provide local government, and it indubitably removes any incentive -- or even any rational basis -- for a village to incorporate as a city. It would also have the practical effect of creating or sanctioning a racially exclusive de facto local government under color of state law, which is the reason that tribal councils cannot be designated by the state to be cities or local governments. Under the Equal Protection Clause, the state cannot set up racially exclusive political subdivisions.

This is not to say that the state cannot contract with a racially (or religiously) exclusive group to provide

public services or manage a public facility on a non-discriminatory basis for all the residents of a community. On a limited basis, therefore, grants can be made to IRA councils in their capacity as business corporations to provide some public services. The state constitution, however, bars the de facto establishment under state law of these councils as the local governments of Alaska's villages.

There is still another problem. In making monetary distribution to Native village governments but not to other potential applicants for grants in these villages and in other unincorporated communities, the statute may create equal protection problems by discriminating against the latter without a reasonable basis, if these are responsible parties which are equally capable of providing community services. This problem can be solved by amending the law to open the class of beneficiaries to other entities and other communities and including them, on application, in the distribution. We understand that there are 30 of these communities.

Turning to your specific questions, first to be eligible to participate in the revenue sharing program, the community must meet the statutory requirements, make application, and undertake to expend the money for public purposes on a non-discriminatory basis. Because the contract cannot be enforced in court unless Congress waives the tribal government's sovereign immunity, you should use forfeiture of the grantee's right to a grant in the following fiscal year as an enforcement mechanism.

Second, state money cannot be expended for the costs of general administration because the village councils and other groups are not public agencies of the state or its political subdivisions. They are, on the one hand, federally recognized and organized tribal entities, and on the other, private associations or corporations. With respect to the former, depending on whether they are organized under section 16, section 17, or both of the Indian Reorganization Act, they are governmental, corporate, or both. In their governmental role, they are tribal. In their corporate role, they are private. All of them can provide public services on a non-discriminatory basis, and to the extent that they do so, a proportional share of their general administrative costs can be paid from state money.

Third, we know of no way to insure that the money will be spent for the good of the whole community. Obviously, each recipient must be required to promise that the money will

Palmer McCarter, Director
C&RA - Local Government Asst

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April 27, 1981

be spent for the good of the entire community and to specify what public services it will provide on a racially non-discriminatory basis. Enforcement will be difficult against a tribal council acting in its governmental capacity under section 16 of the IRA. For that reason, if a section 17 corporation exists, the grant-contract should state that it is with the village council acting in its capacity as a business corporation.

RWP/pjg

cc: Hon. William R. Nix
Commissioner
Department of Public Safety

Daniel W. Hickey
Chief Prosecutor
Juneau AGO - Criminal Section

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 521

Title An Act relating to aid for health facility construction

Requested by Miller

Date June 2, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Local Government Assistance

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		-0-	-0-	-0-	-0-	
200 TRAVEL		-0-	-0-	-0-	-0-	
300 CONTRACTUAL		-0-	-0-	-0-	-0-	
400 COMMODITIES		-0-	-0-	-0-	-0-	
500 EQUIPMENT		-0-	-0-	-0-	-0-	
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	
700 GRANTS, CLAIMS, ETC.		41.6	41.6	41.6	40.6	
TOTAL		41.6	41.6	41.6	40.6	

FUNDING (Thousands of Dollars)

GENERAL FUND		41.6	41.6	41.6	40.6
FEDERAL FUNDS		-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)		-0-	-0-	-0-	-0-

POSITIONS

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

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

If HB 393 is enacted three additional health facilities will be eligible to receive construction aid funding. Funding for these new facilities would come from Chapter 90 which is already funded for the purpose of paying for construction cost of hospitals. Additional funding is necessary if the definition of a facility eligible of construction cost reimbursement is expanded. The following is a list of the facilities that would benefit from this legislation showing the amount of funding that they could receive if Chapter 90 of the State Revenue Sharing Program is adequately funded:

	FY 82	FY 83	FY 84	FY 85
SE Detonification (Juneau)	\$38,763	38,763	38,763	38,763
Akiachak Health Clinic	1,851	1,851	1,851	1,851
Napaskiak	1,000	1,000	1,000	-0-

IV. DATE June 2, 1981

PREPARED BY Doug Griffin

AGENCY Community & Regional Affairs/LGAD

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

"An act related to state aid for health facility construction; and providing for an effective date."

House Bill 393 proposes to include the cost of constructing certain health facilities constructed after January 1, 1968, and before July 1, 1980, as eligible costs for reimbursement under AS 29.90.010. Following conversations with the Department of Community and Regional Affairs it is the understanding of the Department of Health and Social Services (DHSS) that HB 393 would affect only three health care facilities: Juneau Alcoholism/Substance Abuse Detoxification and Rehabilitation Facility, Akiachak Health Clinic and Napaskiak Health Clinic.

The greatest impact would be upon the Juneau Alcoholism/Substance Abuse Detoxification and Rehabilitation Facility. This facility had been constructed with the anticipation of receiving a total of \$193,815 over a five year period under AS 43.18.010(j). One payment in the amount of \$38,763 was made to the City and Borough of Juneau before the municipal revenue sharing formula was recodified under Title 29 in 1980. The remaining four payments were not received by the City and Borough of Juneau since the Bill which recodified AS 43.18.010 also restricted reimbursement of health care facility construction costs to licensed hospitals, determined by DHSS to be general hospitals.

The effect of HB 393 would be to "reinstate" the Juneau Alcoholism/Substance Abuse Detoxification and Rehabilitation Facility, Akiachak Health Clinic, and Napaskiak Health Clinic as eligible facilities for the purposes of revenue sharing under AS 29.90.010. According to the Department of Community and Regional Affairs these facilities would receive the following funds over the next four years:

	<u>FY '82</u>	<u>FY '83</u>	<u>FY '84</u>	<u>FY '85</u>
Juneau Alcoholism/ Substance Abuse Detoxification	\$38,763	\$38,763	\$38,763	\$38,763
Akiachak	1,851	1,851	1,851	1,851
Napaskiak	1,000	1,000	1,000	-0-
Total	\$41,614	\$41,614	\$41,614	\$40,614

DHSS believes it would not be unreasonable to continue the anticipated payments to these facilities.

Recommended by: Phoebe A. Lindsey
Phoebe A. Lindsey, Director
Division of State Health
Planning and Development

Date: April 22, 1981

Approved by: Helen D. Beirne
Helen D. Beirne
Commissioner
Department of Health &
Social Services

Date: 4/27/81

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 393

Title "An Act related to state aid for health facility construction, and providing *

Requested by Miller Date 3/25/81

* for an effective date."

II. FISCAL DETAIL

Agency Affected Health and Social Services

Program Category Affected Health

BRU, Program, or Subprogram(s) Affected _____

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
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				
TOTAL		0				

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME		0				
PART TIME						
TEMPORARY						

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

IV. DATE April 22, 1981

PREPARED BY Phyllis A. Lindsey

AGENCY DMSS

Original: Legislative Finance

PHONE 3038

cc: Budget and Management

Prime Sponsor (First Legislator Name) M&B Approval [Signature]

Date 4/20/81

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STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

JAY S. HAMMOND, GOVERNOR

POUCH F—STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

May 22, 1981

The Honorable Charles H. Parr
Chairman, Health, Education and
Social Services Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

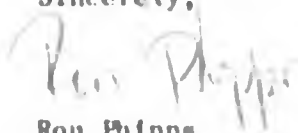
Dear Senator Parr:

This letter is in response to your request concerning Senate Bill 522. During testimony, you asked that our staff offer suggestions for amendments to the bill so that it will provide equity in relation to the loan program as it now exists. Enclosed are the suggested amendments.

A question was raised during testimony concerning the percentage of in-state students receiving a loan. After reviewing our records, we find that approximately 50% of the full-time students currently attending in-state institutions have received state loans.

I hope this information is sufficient; however, if I can be of further service, please do not hesitate to contact me.

Sincerely,


Ron Phipps
Director for Academic
Planning and Research

Enclosure

cc: The Honorable Terry Stinson
The Honorable Mike Colletta
The Honorable Vic Fischer
The Honorable Tim Kelly

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

JAY S. HAMMOND, GOVERNOR

POUCH F--STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

SB 522

Suggested Amendments

1. Page 1, Section (b) first sentence

"The Commission may make a grant to a person who has completed a career education program or is a graduate of a college or university approved by the Commission and who qualifies under this section."

2. Page 1, line 24

"...was enrolled as a full-time student before completing a career education program or receiving a [AN UNDERGRADUATE]..."

3. Page 1, line 25

"...the limit established for a [AN UNDERGRADUATE] loan..."

4. Page 2, line 1

"...that academic year, and other state scholarship's and grants; and..."

5. Page 2, Section (d), line 11

"...has, since completing the [ACADEMIC YEAR] course of study in which ..."

6. Page 2, Section (e), lines 14-15

"...may not exceed the number of years for which scholarship loans may be authorized by AS 14.40.763(d)."

7. Page 2, line 21

"...two years after completing a career education program or receiving his [UNDERGRADUATE] degree if he completed his career education program or..."

8. Page 2, line 23

"...three years after completing a career education program or receiving his [UNDERGRADUATE] degree if..."

9. Page 2, line 24

"...he completed a career education program or received that..."

Comment

Page 2, Section (f)(1) provides a new benefit not heretofore offered any student loan recipient. The incentive for in-state attendance was added for the 1979-80 school year and did not apply to any loans prior to the July 1, 1979 date.

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

JAY S. HAMMOND, GOVERNOR

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 465-2854

Data Sheet for SB 522

1. SB 522 provides for grants for Alaskans who attend(ed) and graduate(d) from an accredited college and who work(ed) in Alaska after graduation.
2. Grants are to be percentages (based upon years of working residence and/or in-state attendance) of an adjusted cost allowance (ACA) for college attendance.

The ACA is calculated by taking the smaller of either the appropriate student loan maximum for a given year or the actual amount spent for books, tuition and fees, and room and board and deducting from that figure the amount of any state student loan received for that year.

Examples:

(a) Undergraduate, 1972-73		
Cost of books, tuition, etc.	=	\$3,800
Loan maximum	=	2,500
Loan received	=	500

$$\text{ACA} = 2,500 - 500 = \$2,000$$

If the student worked in Alaska, "Ray" grants of up to 40% (\$200 per year for four years) would be possible.

(b) Graduate, 1974-75		
Cost of books, tuition, etc.	=	\$5,400
Loan maximum	=	5,000
Loan received	=	5,000

$$\text{ACA} = 5,000 - 5,000 = \$0$$

No "Ray" grants possible

(c) Undergraduate, 1979-80		
Cost of books, tuition, etc.	=	\$1,800
Loan maximum	=	3,000
Loan received	=	1,800

$$\text{ACA} = 1,800 - 1,800 = 0$$

No "Ray" grants possible

(d) Graduate, 1976-77
 Cost of books, tuition, etc. = \$6,800
 Loan maximum = 5,000
 Loan received = -0-

ACA = \$5,000 - 0 = \$5,000

If the student works in Alaska, "Ray" grants of up to 40% (\$500 per year for four years) would be possible.

3. Student Loan Maximums

<u>School Year</u>	<u>Undergraduate</u>	<u>Graduate</u>
1971-72	\$2,500	\$5,000
1972-73	2,500	5,000
1973-74	2,500	5,000
1974-75	2,500	5,000
1975-76	2,500	5,000
1976-77	2,500	5,000
1977-78	2,500	5,000
1978-79	3,000	5,000
1979-80	3,000	5,000
1980-81	3,000	5,000
1981-82	Undetermined	Undetermined

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 522
 Title Scholarship Grants
 Requested by Senate HESS Date 2/1/81

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Commission on Postsecondary Education
 BRU, Program, or Subprogram(s) Affected Student Loan Program

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		102.7	98.9	60.0	63.6	99.2
200 TRAVEL		-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL		37.0	33.6	37.6	42.1	55.6
400 COMMODITIES		.6	.7	.8	.9	1.1
500 EQUIPMENT		7.0	2.5	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		3,980.0	150.0	80.0	110.0	140.0
TOTAL	N.A.	4,127.3	285.7	178.4	216.6	295.9

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	N.A.	4,127.3	285.7	178.4	216.6	295.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	N.A.	2.0	3.0	2.0	2.0	1.0
PART TIME		4.0	1.0	-0-	-0-	-0-
TEMPORARY						

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

a. estimated eligible participants

40% of \$1,750 for 1,000 persons currently getting forgiveness but borrowed less than maximum
 40% of \$7,000 for 1,000 persons eligible but did not borrow
 sub total \$3,500,000 current
 40% of \$2,000 for 600 persons already through cycle
 sub total \$480,000
 Total grants for FY 82 is \$3,980,000

b. personnel services: 1.0 awards clerk Range 10-A \$25.7 4.0 part-time @ \$12.8
 1.0 fiscal clerk Range 10-A \$25.7
 contractals: 24.0 D.P. Charge, 6.0 advertisement, 7.0 phones, etc.

IV. DATE May 1, 1981 PREPARED BY Kerry D. [Signature]

AGENCY Commission on Postsecondary Education

Original: Legislative Finance PHONE 465-2054

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

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 465-2854

SB 522

Suggested Amendments

1. Page 1, line 16

"of [AN ACCREDITED COLLEGE] a college or university approved by the Commission and who ..."

2. Page 2, Section (d), line 11

"...has, since completing the [ACADEMIC YEAR] course of study in which ...

3. Page 2, Section (e), lines 13-15

"...may not exceed the number of years for which scholarship loans may be authorized by AS 14.40.763(d).

Comment

Page 2, Section (f)(1) provides a new benefit not heretofore offered any student loan recipient. The incentive for in-state attendance was added for the 1979-80 school year and did not apply to any loans prior to the July 1, 1979 date.

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

JAY S. HAMMOND, GOVERNOR

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 485-2854

SB 522

Suggested Amendments

1. Page 1, Section (b) first sentence

"The Commission may make a grant to a person who has completed a career education program or is a graduate of a college or university approved by the Commission and who qualifies under this section."

2. Page 1, line 24

"...was enrolled as a full-time student before completing a career education program or receiving a [AN UNDERGRADUATE]..."

3. Page 1, line 25

"...the limit established for a [AN UNDERGRADUATE] loan..."

4. Page 2, Section (d), line 11

"...has, since completing the [ACADEMIC YEAR] course of study in which ..."

5. Page 2, Section (e), lines 14-15

"...may not exceed the number of years for which scholarship loans may be authorized by AS 14.40.76(d)."

6. Page 2, line 21

"...two years after completing a career education program or receiving his [UNDERGRADUATE] degree if he completed his career education program or ..."

7. Page 2, line 23

"...three years after completing a career education program or receiving his [UNDERGRADUATE] degree if ..."

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Senator Pam

JB 526

OVERVIEW OF CSHB-116

1. Prior to 1978 teachers coming into Alaska were required to claim and were indebted to the TRS for outside service. Although these people had to pay into the fund that contribution did not count towards their twenty (20) years required to retire.
2. Since 1978 the law has been changed so that teachers coming into the system are not required to claim outside service and if they do claim it they must pay the full actuarial costs. Therefore HB 116 does not apply to these people.
3. This bill affects 540 teachers who have been in the system since before 1978.
4. The bill would save the TRS fund 110 Million over the period of benefits for these individuals because they would retire at 40% of a lower salary instead of 50% of a higher salary. The figures used below are conservative and the original salary based on the fiscal note.

<u>20 Year Retiree</u>		<u>25 Year Retiree</u>
\$37,000	estimated average salary	\$51,900
.40%	% rate	.50%
\$14,800	Annual benefit paid	\$25,950
X 30 yrs	Life expectancy	X 25 yrs
\$444,000	Pay-out to age 75	\$648,750
X 540	Max # persons affected	X 540
\$239,760,000		\$350,325,000

The estimated difference of \$110,565,000 is, by far, more than the fund would receive into the system in five years of additional service.

5. The law, as written at this time, is discriminatory to those 540 teachers and unconstitutional.
6. Passage of this law would therefore, save the fund money over a period of years and circumvent a possible court case challenging the discrimination factor of forcing those members to pay into the fund and not allow it to count towards their 20 years.

Eugene C. Kubina, President
Alaska Federation of Teachers
P.O. Box 1065
Valdez, Alaska 99686
(907)835-2663

Members of the House HESS Committee

House bill #118 is designed to eliminate the inequities now inherent in the present teacher retirement law. a case in point:

Teacher A began teaching in Alaska in 1961 for a starting salary of \$8,000. She paid into the fund at the mandatory employee contribution rate each year until she retired in 1981. She retired with 20 years of service and began receiving full benefits according to retirement fund law at this time.

Teacher B began teaching in Minnesota in 1961. Five years later, she moved to Alaska, bought into the Alaska Teacher Retirement System and paid all reinstatement and arrearage fees plus interest for the years of service in Minnesota. (Payment for outside service is mandatory) However, Teacher B must teach twenty-five years before being eligible for retirement with full benefits.

Obviously, there is an inequity here and the law is not just as presently written.

Some persons have expressed fear that a 20 year retirement bill would not be actuarially sound. According to our figures, however this fear is unfounded. In fact, it can be noted that a 20 year retirement would actually save the system money. Ultimately, a teacher being able to retire with 20 years service will be less costly to the fund, as opposed to a teacher who must teach for 25 years.

In further consideration for passage of HB 118, another actuary condition should be contemplated. For example, the average life span (according to Metropolitan Life Insurance actuary table for men and women) is seventy-five years. Because of this long life expectancy, it is more reasonable from a fiscal viewpoint to allow a 20 year retiree to draw upon the fund for a period of 30 years at 40% (based upon the current formula for determining pension benefits) than to have a 25 year retiree draw for 25 years at 50%.

The following illustration bears out this point:

20 Year Retiree

25 Year Retiree

\$37,000	estimated average salary	\$51,900
.40%	% rate	.50%
\$14,800	Annual benefit paid	\$25,950
X 30 yrs	Life expectancy	X 25 yrs
\$444,000	Pay-out to age 75	\$648,750
X 540	# persons affected	X 540
\$239,760,000	Total cost to fund	\$350,325,000

The estimated difference of \$110,565,000 is, by far, more than the fund would receive into the system in five years of additional service.

In other areas, there are cases where employers find it financially sound to encourage employees to retire early.

An employer could hire two beginning teachers for what is now being paid one teacher with twenty plus years of service.

In reality, many teachers will not use the option of becoming twenty year retirees. Some cannot afford to retire; others are very comfortable and wish to teach far beyond the minimum years of service required for retirement. They have reached the top of the salary scale and greatly enhance their benefits by remaining within the system.

JERMAIN, DUNNAGAN & OWENS

ATTORNEYS AT LAW

601 WEST FIREWEED LANE, SUITE 201
ANCHORAGE, ALASKA 99503

TELEPHONE
AREA CODE 907
276-6532

WILLIAM K. JERMAIN
CHARLES A. DUNNAGAN
BRADLEY D. OWENS
RANDALL G. SIMPSON
HOWARD S. TRICKEY
JAN HART DEYOUNG
ASSOCIATE
GAIL ROY FRATIES
OF COUNSEL

March 31, 1981

Alaska Federation of Teachers
Local No. 1175
600 West 41st Avenue
Anchorage, AK 99503

Dear Sirs and Mesdames:

In response to your request regarding AS 14.25.110(a)(4), this firm is pleased to state the following preliminary opinion after initial research of Alaska Statutes and case law:

The statute, by requiring greater years of service of teachers who began their careers outside Alaska, unjustifiably denies a benefit on the basis of the exercise of a fundamental constitutional right, and therefore violates the United States and Alaska Constitutions.

Analysis: The effect of the statute is to deny to teachers who began their teaching careers outside Alaska the right to full retirement benefits after 20 years of credited service, including five years of membership service. Teachers who move to Alaska must teach at least 25 years of credited service, of which the last five must be "membership service" in Alaska schools, while teachers who begin their careers in Alaska, and continue to teach for 20 years, may retire with full benefits after 20 years "membership service." Thus, a teacher who works five years in Wisconsin, moves to Alaska, buys into the Teachers Retirement system for the five years, must then teach a total of 20 years in Alaska. If a teacher begins work in Alaska the same day, and continues thereafter in Alaska, he or she will be eligible for full benefits five years earlier.

This scheme is affected by the requirement, prior to 1978, that teachers moving to Alaska were compelled to "buy into" the System by paying reinstatement, arrearages, and interest for each year taught outside Alaska.

March 31, 1981

The Supreme Court of Alaska announced in State v. Wylie, 516 P2d 142 (AK 1973) that it recognized that the freedom to travel throughout the United States uninhibited by statutes, rules or regulations which unreasonably burden or restrict this movement is a fundamental right under the United States Constitution. (The right to interstate travel is itself a fundamental right and any classification which serves to penalize the exercise of that right must be subjected to strict judicial scrutiny. State v. Wylie at p.147. State v. Wylie concerned a durational residency requirement for state employment. The Supreme Court noted that although "there is no constitutional right to employment by the state, the state may not deny a benefit to a person on a basis that infringes his constitutionally protected interests." State v. Wylie at p.146. And, though the state has no duty to provide employment, it may not restrict the opportunity for it on the basis of an invidious distinction between classes of citizens. State regulation of public employment must accord with the Fourteenth Amendment. State v. Wylie at p.146, citing Purdy & Fitzpatrick v. State, 71 Cal 2d 566, 79 Cal Rptr 77, 456 P2d 645, 657 (CA 1969). Ultimately, the Supreme Court concluded that the state may not limit public employment to new residents as a means of saving money, or of reducing unemployment and "upgrading Alaska's human resources." These interests were not so substantial, so compelling, that they necessitated burdening the constitutionally protected right to travel.

More recently, in William v. Zobel, Op 2170 (AK 1980) and in Hicklin v. Orbeck, 565 P2d 159 (AK 1977), the Alaska Supreme Court rejected the imposition of durational residency requirements under a more relaxed test than "strict scrutiny." Hicklin concerned the Alaska Hire law, and in affirming Wylie the Court noted:

"The state also suggests that our scrutiny should be less strict because Alaska Hire does not bar nonresidents from employment, but merely gives a preference to residents. But as long as there are available Alaska residents, it is a bar to those who cannot meet the residency standards. Be it bar or preference, the appellants (have been penalized). 565 P2d 166.

And in "Zobel I" the Court stated that:

"When a law conditions the receipt of some right or benefit upon a period of residency, we will balance

March 31, 1981

the importance of the denial of the right or benefit against those legitimate government objectives which make it justifiable to classify people on the basis of their length of residency." Williams v. Zobel, supra at p.13.

The Supreme Court has long rejected the state's interest in saving money as a justification for limiting the benefit of public employment to a classification of persons. This is the only legitimate state purpose that might be advanced in support of the present disparity in the Teachers Retirement System. If it could not, under the above cases, support disparate treatment in hire, it certainly cannot support disparate treatment in conditions of employment - particularly when they so severely penalize past exercise of a fundamental constitutional right.

If you have any further questions in this regard, please do not hesitate to contact this office.

Very truly yours,

JERMAIN, DUNNAGAN & OWENS



William K. Jermain

KK/jk

Enclosures

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program: Category Affected Labor Services and Elementary & Secondary Education

RU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		1,727.7	1,900.5	2,090.6	2,299.7	2,529.7
100 BENEFITS		312.4	343.6	378.0	415.8	457.4
TOTAL	-0-	2,040.1	2,244.1	2,468.6	2,715.5	2,987.1

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	2,040.1	2,244.1	2,468.6	2,715.5	2,987.1
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

1. This bill does not affect deferred vested teachers.
2. Of the 7,300 active teachers, 2,916 teachers have outside service. Of these with outside service, 2,376 will qualify for retirement under existing provisions and will not be affected by this bill. The remaining 540 teachers will be affected by this bill.
3. The total present value of the benefits being granted under this bill is \$27,837,558.
4. To fund this bill, the TRS contribution rate must be increased by 1.32% of covered payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the school district contribution).
5. Estimate FY 82 TRS covered payroll to be \$261,775,000, increasing 10% annually.

IV. DATE 3/11/81

PREPARED BY

AGENCY

PHONE

Paul B. Arnoldt

Paul B. Arnoldt, Director

Division of Retirement & Benefits

465-4460

Original: Legislative Finance

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SB 540 file



Vice President for
Academic Affairs &
Institutional Planning

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

June 9, 1981

The Honorable Charles H. Parr
Pouch V
Juneau, Alaska 99811

Dear Charlie:

In response to your inquiry regarding SB 540, this is our understanding that such resource centers for teachers are largely unrelated to higher education. However, if the intent of this bill is to provide money for teacher training or education in any way, then the funds obviously should come to the University through a program such as XCED. If on the other hand, the funds are to be used for provision of resources to school districts, we wonder why the school districts are not purchasing those services as was originally intended. Is the bill designed to bail out a failing resource center? Because so little information is provided as to what the "grant" is to be used for, it is difficult for me to comment further on SB 540.

Thank you for giving the University an opportunity to provide input on this matter.

Sincerely,


George C. West
Acting Vice President for Academic
Affairs & Institutional Planning

GCW:kap

6-3-81

\$200,000

Bill Mailer
345-2937 (Auk.)

SB 540

St. Marys

teacher center in St. Marys
serve lower-Yukon teachers

@ 100 teachers

goal of center is to improve teachers
and the Western Regional Resource Center

St. Marys school board supports this

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May 14, 1981

The Honorable Jalmar Kerttula
President of the Senate
Pouch V
Juneau, Ak. 99811

Dear Mr. President:

The State Affairs Committee recommends that CSSB 550 entitled "An Act making an appropriation to the Office of the Governor, State Commission for Human Rights; and providing for an effective date," do pass.

It is the intent of the Committee that these funds will not be used to increase the staff of the Human Rights Commission. The funds will be given to the rural employment rights programs and local human rights commissions so that they can provide services to their respective areas on a non-discriminatory basis.

Vic Fischer, Chairperson

Mike Colletta, Vice-Chairperson

Frad Bradley

Dick Eliason

Terry Stimson

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COMMITTEE REPORT

SENATE

5/5/81

FURTHER: Finance

Date: _____

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SI 551

making a special appropriation for payment of outstanding debts of Southeastern Regional Resource Center

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)
- replace with CS for _____ 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

MEMBERS HAVING
OTHER RECOMMENDATIONS

CHAIRMAN

Alaska State Legislature

SENATOR
TERRY STIMSON
POUCH V
JUNEAU, ALASKA 99811

WHILE IN ANCHORAGE
1610 E STREET
ANCHORAGE, ALASKA 99501

Senate

TO: Senator Charlie Parr, Chair Senate HESS Committee
FROM: Senator Terry Stimson
SUBJECT: Statement of Intent for Senate Bill 551
DATE: May 26, 1981

Attached please find a statement of intent that I have written to accompany Senate Bill 551. As the bill currently resides in the Senate HESS Committee I would like to see that you attach it to any discussion of the bill.

Thank you in advance for your attention to this matter.

Senate Bill 551

Statement of Intent

It is the intent of this bill that \$400,000 be appropriated to the Department of Education for payment of all outstanding claims, notes or other liabilities against the South Central Regional Resource Center.

While introduction and passage of this bill is not an indication that the Alaska State Legislature believes that the South Central Regional Resource Center is an agent of the Government of the State of Alaska, neither does it assume that the State is liable for the actions of the South Central Regional Resource Center, or other Resource Centers. It is rather a clear statement that it is not the best use of state resources to pursue the case. Passage of this bill will allow the State and affected school districts to get on with the task of educating Alaska's youth and not force the same to spend additional education dollars on further litigation.

Section _____. The sum of \$400,000 is appropriated from the general fund to the Department of Education for payment of the outstanding debts and obligations of the Southcentral Regional Resource Center. The purpose of this appropriation is solely to prevent accelerated costs and unreasonable delay in payment to creditors caused by protracted litigation ensuing from the closure of the Southcentral Regional Resource Center, and it shall not be construed as making regional resource centers agencies of the State of Alaska. The unexpended and unobligated portion of this appropriation lapses into the general fund July 1, 1982.

Alaska State Legislature



House of Representatives

REPRESENTATIVE
BETTE CATO

DISTRICT 5

BOX 775

VALDEZ ALASKA 99686

☎071835-4568

WHILE IN JUNEAU

POUCH V

JUNEAU, ALASKA 99811

☎071465-4858

COMMITTEES

CHAIRMAN

HOUSE TRANSPORTATION

VICE CHAIRMAN

HOUSE HEALTH EDUCATION

AND

SOCIAL SERVICES

MEMORANDUM

TO : All Legislators
All Interested Parties

FROM : Rep. Bette Cato *BC*

RE : Southcentral Regional Resource Center

DATE : May 29, 1981

Regional Resource Centers were established in 1975 with adoption of AS. 14.08.141. The intent was to establish a pool of knowledge and abilities for development of programs and studies for the school districts.

The Southcentral Regional Resource Center (S.C.R.R.C.) has the following member schools;

- Adak Regional School District
- Aleutian Chain School District
- Chugach School District
- Copper River School District
- Cordova School District
- Kodiak Island Borough School District
- Kenai Peninsula Borough School District
- King Cove School District
- Matanuska-Susitna Borough School District
- Pribilof Island School District
- Unalaska City School District
- Valdez City School District

The school districts of; Delta-Greely, Railbelt, Sand Point, and Yukon Flats, applied for membership in 1980 and received it but are not to be included in the discussion that follows.

There were problems in this regional resource center when administrative costs and accounting practices got out of hand. There is currently an audit taking place to find the extent of the problems and persons involved. Consequently, the Attorney General's office issued a complaint against S.C.R.R.C..

The underlying question: are the Regional Resource Centers an entity of the State or is it a voluntary association of individual members?

Page 2
Rep. Bette Cato

If it is a state agency, then the state is liable for all debts incurred. If it is a voluntary association, then each of the members is liable for the debts of the association.

While this is a moot point, the funding in either case comes from the State Legislature. The school boards are funded by the state as are the S.C.R.R.C and the attorney generals office. The point is, the state is suing itself over a problem that should be solved internally. The school districts involved are now going through the trouble and expense of hiring outside attorneys.

The Attorney Generals office says that they will not press charges until the legislature has a chance to vote on Senate Bill 551. The bill would fund the outstanding debts of the S.C.R.R.C..If the bill does not pass the legislature by the end of this session, then the litigation will begin over the summer. The amount of indebtedness is nearly \$400,000 and costs for attorneys, etc. to this point have gone over \$100,000, and will, if the case continues, go much higher, this cost, in one line item or another will be paid by the state of Alaska.

This point must be addressed this session to prevent further litigation and allow for a resolution to this matter without the outcome of "the State suing the State".

I hope that you will join with me in supporting this bill and preventing this waste of money in the litigation process.

cc. Governor Jay Hammond
Lt. Governor Terry Miller
Sen. Terry Stimson
Attorney General's Office
School District's in S.C.R.R.C.

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COMMITTEE REPORT
SENATE

5/11/81

FURTHER: Finance

Date: _____

Mr. President:
The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SR 558
care and confinement of prisoners

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) same title
- replace with CS for _____ 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

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

POSITION PAPER

SENATE BILL NO. 558

"An Act relating to the care and confinement of prisoners."

The Division of Adult Corrections has had furlough programs since 1969 and, since 1971, has been utilizing halfway houses under contract as furlough centers. By operating the program from furlough centers rather than from the prison setting, the problem of work furlough participants being placed under pressure to bring in contraband is avoided. There are other advantages as well. Furlough in Alaska has functioned successfully with regards to work and other rehabilitative measures.

The emphasis on development of community-based alternatives to imprisonment for appropriate offenders began during the mid-1960's and has become an important component of progressive corrections programs throughout the country. The rationale for furloughs is based on the belief that, after a term of conventional imprisonment, the offender is in need of a period of structured reintegration into the community. Work furlough and utilization of furloughs for other appropriate purposes serve the best interest of the public by enabling the Division of Adult Corrections to avoid releasing prisoners directly to the community without adequate preparation.

Aside from the rehabilitative value, work release benefits the state by reducing the need for construction. The Alaska correctional system is presently experiencing an upsurge in prisoner population. All institutions are filled to capacity and there are presently 194 prisoners housed in the Federal Bureau of Prisons system outside of Alaska. Although we are expanding our correctional facilities, it will be two or three years before we can return those prisoners to Alaska.

Work release programs serve to help alleviate our critical bed space need. Presently, we have 39 prisoners in halfway house programs and expect to increase that number to 75 in FY '82. If these 75 persons were to be required to return to a prison at the end of the workday, rather than a halfway house, as is the current practice, the State would be required to build a new prison to accommodate the increase in prison population. Currently, construction costs per prison bed are in excess of \$135,000 in Alaska.

It should be also be noted that the Attorney General's office has advised us that there are ambiguities in the statutes authorizing furloughs. These ambiguities should be corrected if our continued use of contract halfway houses is to be on firm legal ground. Senate Bill No. 558 would clarify these ambiguities.

Because work furlough has become a significant component of Corrections overall program, the Department urges the passage of Senate Bill No. 558.

Recommended by:

Walt Jones / for Charles Campbell
Charles F. Campbell, Director
Division of Adult Corrections

Date:

5/20/80

Approved by:

Helen D. Beirne
Helen D. Beirne, Commissioner

Date:

5/20/81

POSITION PAPER / Department of Health and Social Services

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST Senate Bill No. 558
 Bill/Resolution No. _____
 Title An act relating to the care and confinement of prisoners.
 Requested by HESS Committee Date May 12, 1981

II. FISCAL DETAIL
 Agency Affected Div. of Adult Corrections, Dept. of Health & Social Services
 Program Category Affected Offender Confinement Reformation and Supervision
 BRU, Program, or Subprogram(s) Affected Adult Probation and Community Programs
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
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)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
PART TIME						
TEMPORARY						

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

Funds are available in the FY 1982 budget to provide contractual services for 75 persons in furlough centers. Therefore, it is assumed that there will be no fiscal impact if Senate Bill No. 558 is enacted by the legislature.

IV. DATE May 19, 1981 PREPARED BY *Roger C. Lange*
 AGENCY Division of Adult Corrections
 PHONE 465-3376
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) *D. Mason Lundquist*
5/18/81

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Copies memo (5B580)

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

POUCH H 01
JUNEAU, ALASKA 99811
PHONE: 465-3030

June 10, 1981

Beverly A. Bennett
Chairman, Governor's Advisory
Board on Drug Abuse
Box 2801
Fairbanks, Alaska 99707

Dear Ms. Bennett:

I would like to thank you for your timely expression of concern about the Drug Abuse grant-in-aid budget.

As you may recall from the Human Services Advisory Council meeting of March 7, 1981, the administration's budget and planning cycles were explained in detail. Further, we discussed at length both the timing and the nature of assistance we hope to receive from all advisory boards.

I understand from the State Office staff that the Drug Abuse Advisory Board is planning to meet in Anchorage July 6 and 7th, specifically for the purpose of preparing Board advice to the Department on the FY '83 Drug Abuse budget.

The Governor's policy budget for FY '83 will be prepared by the Department during June and July. The final detailed budget preparation will occur between September and December. Therefore both your letter and the Board's FY '83 budget priority meeting are timely.

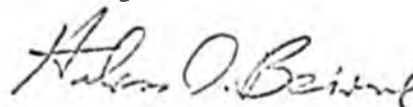
As the board deliberates its FY '83 budget recommendations in July, it would be particularly helpful if the board could address itself to the following issues:

1. What specific new Drug Abuse services are needed?
2. What evidence exists demonstrating the need?
3. Where are the new services needed?
4. What will the new services cost?
5. How should the proposed services be evaluated in terms of cost, effectiveness, and productivity?

June 10, 1981

Your continued interest and expression of concern on this matter is deeply appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Helen D. Beirne".

Helen D. Beirne
Commissioner

cc: Governor Jay Hammond
Alaska State Legislature
State Office of Alcoholism
and Drug Abuse

Copies members
SB 580

KILA, Inc.

Administration
(907) 452-5972

Fairbanks Education
Center
(907) 452-1841

Fairbanks Re-Entry
Center
(907) 456-3043

Fairbanks Treatment
Center
(907) 456-5715

Locally Controlled
Integrated and Coordinated
Human Services
3098 Airport Way
Fairbanks, Alaska 99701

June 13, 1981

TO: Members
Senate Finance Committee
Senate Health, Education & Social Services Committee

FROM: Frank J. Gold, M.D.
Executive Director & Staff Psychologist *FJG*

RE: SB 580

I am only too well aware of the lateness of the session to be making requests, but I am today pleading for consideration of SB 580. This bill (previously available in memo form only) has been floating about the two chambers for several years--with only positive comments being compiled among Legislators.

Now I am asking that the bill be passed by the Senate; if that is not possible, I am pleading that rapid committee passage be attempted; if that too is not possible, then I am begging for scheduled committee hearings on the bill during the recess period.

It is an idea which is in the best interest of the client, the service provider, and the taxpaying populace; unfortunately, it will be vigorously opposed by the bureaucracy. Please, it is time for this concept to be implemented.

POSITION PAPER

SENATE BILL 580

"An Act relating to the prevention and treatment of drug abuse."

The formerly separate Office of Alcoholism and Office of Drug Abuse were combined administratively in July, 1977 into the Office of Alcoholism and Drug Abuse. In July, 1980 the Legislature amended the Uniform Alcoholism and Intoxication Treatment Act by including Drug Abuse in Section 47.37.020. Office is established in the Department.....

Accordingly the main thrust or intent of Sections 1 and 2 of Senate Bill 580 are presently contained in existing law. To further clarify this drug abuse relationship however, consideration might be given to amending 47.37 030 powers of office, and 47.37.040 duties of office, to include drugs, drug abuse and drug addicts together with alcohol, alcohol abuse, and alcoholics in all applicable paragraphs of these two sections of A.S.47.37. (Attachment I).

Section 3 of Senate Bill 580 would limit administrative costs of the agency to no more than 10% of the total available alcoholism and drug abuse resources. The Office of Alcoholism and Drug Abuse is supportive of the concept to limit administrative costs to reasonable levels. The office would point out that a definition of administrative costs needs to be established since support services such as training, audit, research, prevention, and evaluation may appear in either the administrative or grant component of the budget. Attachment II indicates that in the FY 82 Governor's Request budget in general administration is 7.2%, while support services included in the administrative component is 6.2%, for a total of 13.4% of all available resources.

Finally to further weld the drug abuse and alcoholism administration in legislation the office would recommend merging the Governor's Advisory Board on Drug Abuse and the Review Board on Alcoholism as specified in HB 114 which was introduced earlier this session (Attachment III).

Recommended by: Robert L. Cole
Robert L. Cole, Coordinator
Office of Alcoholism and
Drug Abuse

Date: 6/17/81

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

Date: 6/17/81

ATTACHMENT I

Sec. 47.37:030. Powers of office. The office may

- (1) plan, establish, and maintain treatment programs as appropriate;
- (2) make contracts and award grants necessary or incidental to the performance of its duties and execution of its powers, including contracts with and grants to public and private agencies, organizations, and individuals, to pay them for services rendered or furnished to drug addicts, alcoholics or intoxicated persons; to the maximum extent possible, contracts and grants shall be for a period of two years;
- (3) solicit and accept for use a gift of money or property or a grant of money, services, or property from the federal government, the state, or a political subdivision of it or a private source, and do all things necessary to cooperate with the federal government or any of its agencies in making an application for a grant;
- (4) administer or supervise the administration of the provisions relating to drug addicts, alcoholics and intoxicated persons of any state plan submitted for federal funding under federal health, welfare, or treatment legislation;
- (5) coordinate its activities and cooperate its activities and cooperate with alcoholism and drug abuse programs in this and other states, and make contracts and other joint or cooperative arrangements with state, local, or private agencies for the treatment of drug addicts, alcoholics and intoxicated persons and for the common advancement of alcoholism and drug abuse programs in this and other states;
- (6) keep records and engage in research and the gathering of relevant statistics;
- (7) do other acts necessary to implement the authority expressly granted to it;
- (8) acquire, hold, or dispose of real property or any interest in it, and construct, lease, or otherwise provide treatment facilities for drug addicts, alcoholics and intoxicated persons; however, the office shall encourage local initiative, involvement and financial participation under grants in-aid whenever possible in preference to the construction or operation of facilities directly by the office. (§ 1 ch 207 SLA 1972; am § 1 ch 117 SLA 1978)

Sec. 47.37.040. Duties of office. The office shall

- (1) develop, encourage, and foster statewide, regional, and local plans and programs for the prevention of alcoholism, drug abuse and treatment of drug addicts, alcoholics and intoxicated persons in cooperation with public and private agencies, organizations, and individuals, and provide technical assistance and consultation services for these purposes;
- (2) coordinate the efforts and enlist the assistance of all public and private agencies, organizations, and individuals interested in prevention of alcoholism, drug abuse and treatment of drug addicts, alcoholics and intoxicated persons;
- (3) cooperate with the division of corrections in establishing and conducting programs to provide treatment for drug addicts, alco-

- holics and intoxicated persons in or on parole from penal institutions;
- (4) cooperate with the Department of Education, school boards, schools police departments, courts, and other public and private agencies, organizations and individuals in establishing programs for the prevention of alcoholism, drug abuse, and treatment of drug addicts, alcoholics and intoxicated persons, and preparing curriculum materials for use at all levels of school education;
 - (5) prepare, publish, evaluate, and disseminate educational material dealing with the nature and effects of drugs and alcohol;
 - (6) develop and implement, as an integral part of treatment programs, an educational program for use in the treatment of drug addicts, alcoholics and intoxicated persons which includes the dissemination of information concerning the nature and effects of drugs and alcohol;
 - (7) organize and foster training programs for all persons engaged in treatment of drug addicts, alcoholics and intoxicated persons and establish standards for training paraprofessional alcoholism workers;
 - (8) sponsor and encourage research into the causes and nature of drug addiction, alcoholism and treatment of alcoholics and intoxicated persons, and serve as a clearinghouse for information relating to alcoholism;
 - (9) specify uniform methods for keeping statistical information by public and private agencies, organizations, and individuals, and collect and make available relevant statistical information, including number of persons treated, frequency of admission and readmission, and frequency and duration of treatment;
 - (10) advise the governor in the preparation of a comprehensive plan for treatment of drug addicts, alcoholics and intoxicated persons;
 - (11) review all state health, welfare, and treatment plans to be submitted for federal funding, and advise the commissioner on provisions to be included relating to drug abuse, alcoholism and intoxicated persons;
 - (12) assist in the development of, and cooperate with, alcohol and drug education and treatment programs for employees of state and local governments and businesses and industries in the state;
 - (13) utilize the support and assistance of interested persons in the community, particularly recovered alcoholics, to encourage alcoholics to voluntarily undergo treatment;
 - (14) cooperate with the Department of Public Safety and the Department of Highways in establishing and conducting programs designed to deal with the problem of persons operating motor vehicles while intoxicated, or under the influence of other drugs;
 - (15) encourage hospitals and other appropriate health facilities to admit without discrimination drug addicts, alcoholics and intoxicated persons and to provide them with adequate and appropriate treatment;
 - (16) encourage all health and disability insurance programs to include alcoholism as covered illness;
 - (17) submit to the legislature an annual report covering the activities of the office;

- (18) develop and implement a training program on alcoholism and drug abuse for employees of state and municipal governments, and private institutions;
- (19) develop curriculum materials on drug and alcohol abuse for use in grades kindergarten through 12, as well as a course of instruction for teachers to be charged with presenting the curriculum. (§ 1 ch 207 SLA; am §§ 2, 4 ch 117 SLA 1978)

ATTACHMENT II

SOADA FY'82 BUDGET
(GOVERNOR'S REQUEST)

COMPONENTS:

Administration	2,426.4	(13.45%)
Alcohol Abuse Grants	14,309.6	(79.24%)
Drug Abuse Grants	1,299.6	(7.21%)
Total		18,035.6

ADMINISTRATION COMPONENT:

GENERAL ADMIN (7.19%)

Personal Services	915.7	
Board and Staff Travel	233.5	
Admin contractual	129.3	
Commodities	19.9	
Total		1,298.4

PROGRAM SUPPORT (6.25%)

Audit costs for grantees	90.0
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RESEARCH AND PLANNING:

Statewide Prevention Coordination	70.0
Occupational Alcohol & Drug Abuse Prog.	80.0
Alcohol Accident Prevention Program	58.0

CLIENT OUTCOME/PROGRAM IMPACT EVALUATION SYSTEMS:

Alcohol/Drug Abuse Program Criteria	150.0
Client follow-up Study	350.0
Data Collection/Management Information	280.0
Contingency (to cover changes in above systems)	30.0

Total	1,178.0
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FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 520
 Title "An Act relating to the prevention and treatment of drug abuse."
 Requested by Fahrskamp Date June 8, 1981

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Alcoholism and Drug Abuse
 BRU, Program, or Subprogram(s) Affected Administration
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
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-				
TOTAL		-0-				

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

IV. DATE June 8, 1981 PREPARED BY Robert L. Cole
 AGENCY Alcoholism/Drug Abuse
 PHONE 546-6700
 Original: Legislative Finance
 cc: Budget and Management
 Public Opinion (Last Legislative Session)

Robert L. Cole
Raymond M. Anderson
 6/8/81

KILA, Inc.

Administration
(907) 452-5972

Fairbanks Education
Center
(907) 452-1841

Fairbanks Re-Entry
Center
(907) 456-3043

Fairbanks Treatment
Center
(907) 456-5715

Locally Controlled
Integrated and Coordinated
Human Services
3098 Airport Way
Fairbanks, Alaska 99701

June 17, 1981

TO: Members
Senate Health, Education & Social Services Committee

FROM: Frank J. Gold, EdD
Executive Director & Staff Psychologist *FJ Gold*

RE: SB 580

I want to express my appreciation to the members of this committee for allowing me the opportunity to provide testimony on SB 580. For the record (and to make an important point), it was approximately 24 hours ago that I was informed by each of the 3 Fairbanks senators of this hearing today; I left 2 H&SS auditors in my offices reviewing the microfilmed materials from FY'80 programs; and this evening, the KILA, INC. Board of Directors is having a meeting with me--a meeting which will now be conducted by telephone. I make reference to these events only to point out how strongly I and my organization feel about the concept embodied in SB 580.

The very essence of this proposed legislation is to tie program service delivery to bureaucratic administration in a new manner--a manner that requires the development and growth of service delivery before there is any growth in administration; a manner that provides incentive for the bureaucracy to attend to the provision of services as well as administrative demands; a manner which encourages the bureaucracy to seek increased budgets for the provision of services rather than self-serving salary/office expenditures.

Let me preface all that follows with the following comment: I am only talking about implementing SB 580 for the State Office of Alcoholism & Drug Abuse--an office involved in contracts compliance monitoring primarily, not an office involved in the pro-

viding of services to clients. What the office does and the expenditure involved is what led to the development of SB 580.

My relationship with the state's drug abuse office precedes the creation of the office in the Department of Health & Social Services in 1972; prior to that it was a desk in the Department of Education. During the intervening years, I have learned more than I ever wanted to know about bureaucratic priorities, political maneuvering, deals, lies, budget processes, and non-responsibility. I have listened to excuse after excuse--regardless of legislative intent and funding--on why no drug abuse coordinator could be hired; on why, although there were hefty increases in the cost of operating the office, less than cost-of-living increases could be secured for the delivery of client services; on why data accumulated by program delivery personnel never got to the legislature, and when it did infrequently arrive was in an unintelligible form; on why, in spite of consistent and annual rejection, the state office keeps pushing for the elimination of the drug abuse advisory board by combining it with the alcoholism board; on why, in memo after memo from the combined office, drugs are consistently ignored while alcohol is the item of tremendous interest; on why, after many years, there is still no individual in the office with experience in drug abuse to provide some state leadership in the field; etc. The list goes on and on, but the point is that drug abuse is clearly not a priority item in the State Office of Alcoholism & Drug Abuse! The ideas behind SB 580 originally were to just stop the state office from growing and making demands on service providers to an extent to which they simply could not respond; now it has become moreso a means of assuring drug abuse service providers an experienced drug abuse coordinator and office responsiveness.

Let me hasten to add that this situation is not seen to be the result of malicious intent; it is perceived to be the result of the bureaucratic system in operation. SOADA issues are dominated by the Commissioner, the Governor, etc.; program issues are created by a different clientele (e.g., drug abusing people). Budget preparation may be the best place to understand the divergent demands being placed on the SOADA: While the initial budget request may allow for anything--and the SOADA may request hefty increases in service delivery dollars--it is not long before the SOADA is told what the budget shall be by the Commissioner (who was told what the Department budget shall be by the Governor). Since the SOADA is the requesting agency, and they must request money for service delivery and themselves, guess where cuts are made. And guess too which aspect of the total SOADA budget will be modified upward following labor union negotiations; and following some behind the scenes lobbying by the SOADA. The point is that SOADA has a clear-cut conflict of interest in preparing the budget--and a quick review of previous SOADA budgets will show that while increases for the administration of the office have grown like Topsy, increases for

service delivery have not even kept pace with cost-of-living and inflation. If this picture is maintained for very much longer Alaska will have a huge SOADA with no drug programs to even worry about on a minimal basis.

Unlike Proposition 13, SB 580 will not simply demand a cut in expenditures; that is what went awry in California. SB 580 will not allow for the bureaucracy which does not provide services to continue securing funds unless the funds for services are first secured. SB 580 will turn the system on its head; it will force the bureaucracy to pay attention to the need for services, the need to secure new federal dollars and/or foundation dollars, etc. It will coerce the SOADA to pay careful attention to the budget for the provision of services to the citizens of the State of Alaska if they want to continue securing adequate funds for the SOADA itself. If, as with all bureaucratic agencies, SOADA should feel the need to grow a bit then it would be concomitant on SOADA to seek additional funds for direct service delivery in order to increase SOADA total dollars. If, in times of economic decline, funds for services were not readily available then the SOADA cost would likewise decrease.

The cost of monitoring contracts and grants cannot continue to increase without restraint; for each new administrative position a new demand is made on program delivery systems so that more and more of the limited program delivery system funds are spent on responses to SOADA requests rather than on the provision of services. Tie the two systems together and the result will be a single operation with clear-cut legislative control and SOADA/delivery system mutual concerns.

**Health, Education and
Social Services Committee**

Charlie Parr, Chairman
Terry Stimson, Vice-Chairman
Vic Fischer
Tim Kelly
Mike Colletta



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811
465-4907
465-4908

June 17, 1981

TO: MEMBERS OF SENATE HESS COMMITTEE
FROM: SANDRA STRINGER, ADMINISTRATIVE ASSISTANT

The following figures pertaining to consideration of SB 580 were obtained from Robert Cole, Office of Alcoholism and Drug Abuse Coordinator, this afternoon. Figures are for FY'82, proposed operating budget, and are in thousands of dollars. Operating budget is still open as of this afternoon.

Governor's proposal: Office of A & D A: 2426.4
Drug Abuse Grants: 1299.6
Alcohol Abuse Grants: 14309.6

House Proposal: Office of A & D A: 2426.4
Drug Abuse Grants: 1299.6
Alcohol Abuse Grants: 15709.6

Senate Proposal: Office of A & D A: 2426.4
Drug Abuse Grants: 1299.6
Alcohol Abuse Grants: 12539.0

**Health, Education and
Social Services Committee**

Charlie Parr, Chairman
Terry Stimson, Vice-Chairman
Vic Fischer
Tim Kelly
Mike Colletta



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811
465-4907
465-4908

June 17, 1981

TO: MEMBERS OF SENATE HESS COMMITTEE
FROM: SANDRA STRINGER, ADMINISTRATIVE ASSISTANT

The following figures are the breakdown of estimated expenditures within the Office of Alcoholism and Drug Abuse, based on a proposed Office budget of 2426.4 for FY82. Figures were obtained from Robert Cole, Coordinator of the Office of Alcoholism and Drug Abuse.

Personal Services:	915.7
Travel:	233.5
Contractual:	1257.3
Commodities:	<u>19.9</u>
Total:	2426.4

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Alaska State Legislature



House of Representatives

REPRESENTATIVE
BETTE CATO
DISTRICT 5
BOX 775
VALDEZ ALASKA 99686
907.835-4568
WHILE IN JUNEAU
POUCH V
JUNEAU ALASKA 99911
907.465-4856

COMMITTEES
CHAIRMAN
HOUSE TRANSPORTATION
VICE CHAIRMAN
HOUSE HEALTH EDUCATION
AND
SOCIAL SERVICES

MEMORANDUM

TO : All Legislators
All Interested Parties

FROM : Rep. Bette Cato *BC*

RE : Southcentral Regional Resource Center

DATE : May 29, 1981

Regional Resource Centers were established in 1975 with adoption of AS. 14.08.141. The intent was to establish a pool of knowledge and abilities for development of programs and studies for the school districts.

The Southcentral Regional Resource Center (S.C.R.R.C.) has the following member schools;

- Adak Regional School District
- Aleutian Chain School District
- Chugach School District
- Copper River School District
- Cordova School District
- Kodiak Island Borough School District
- Kenai Peninsula Borough School District
- King Cove School District
- Matanuska-Susitna Borough School District
- Pribilof Island School District
- Unalaska City School District
- Valdez City School District

The school districts of; Delta-Greely, Railbelt, Sand Point, and Yukon Flats, applied for membership in 1980 and received it but are not to be included in the discussion that follows.

There were problems in this regional resource center when administrative costs and accounting practices got out of hand. There is currently an audit taking place to find the extent of the problems and persons involved. Consequently, the Attorney General's office issued a complaint against S.C.R.R.C..

The underlying question: are the Regional Resource Centers an entity of the State or is it a voluntary association of individual members?

Page 2
Rep. Bette Cato

If it is a state agency, then the state is liable for all debts incurred. If it is a voluntary association, then each of the members is liable for the debts of the association.

While this is a moot point, the funding in either case comes from the State Legislature. The school boards are funded by the state as are the S.C.R.R.C and the attorney generals office. The point is, the state is suing itself over a problem that should be solved internally. The school districts involved are now going through the trouble and expense of hiring outside attorneys.

The Attorney Generals office says that they will not press charges until the legislature has a chance to vote on Senate Bill 551. The bill would fund the outstanding debts of the S.C.R.R.C..If the bill does not pass the legislature by the end of this session, then the litigation will begin over the summer. The amount of indebtedness is nearly \$400,000 and costs for attorneys, etc. to this point have gone over \$100,000, and will, if the case continues, go much higher, this cost, in one line item or another will be paid by the state of Alaska.

This point must be addressed this session to prevent further litigation and allow for resolution to this matter without the outcome of "the State suing the State".

I hope that you will join with me in supporting this bill and preventing this waste of money in the litigation process.

cc. Governor Jay Hammond
Lt. Governor Terry Miller
Sen. Terry Stimson
Attorney General's Office
School District's in S.C.R.R.C.

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B

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BACKGROUND MEMORANDUM - MEDICAL EDUCATION STUDY

Senate Bill No. 2401 of the 1973 Legislature declared the intent of the Forty-third Legislative Assembly that the State of North Dakota, through its Board of Higher Education, provide for a comprehensive program of medical education leading to a doctor of medicine degree. The bill authorizes the State Board of Higher Education to enter into interstate and intrastate contracts or agreements to provide medical education opportunity.

Section 3 of Senate Bill No. 2401 directs the Legislative Council to maintain a committee to study and review medical education and services in North Dakota and directs the Board of Higher Education to submit its medical education agreements or contracts under this Act to this Committee for review and approval. A copy of Senate Bill No. 2401 is attached to this memorandum as Appendix "A".

What Went Before

Perhaps it is best at this stage to briefly review what has previously transpired regarding medical education in North Dakota.

The 1970 Carnegie Report on Medical Education recommended that two-year medical schools either be phased out or become degree-granting institutions. The University of North Dakota's Medical School has been a two-year medical school since its founding at the beginning of this century. Its students traditionally transfer to a four-year school out-of-state in order to receive their medical degree.

The North Dakota Medical Association's Committee on Education endorsed a plan for a four-year medical school at UND in November 1946. The 1953 Legislature passed a law which authorized a third-year course of medicine at UND by 1955 and a fourth-year course by 1956. This statute was taken off the books by the 1967 Legislature.

In January 1971, the UND Medical School reported that by 1975 it would be impossible to transfer its entire sophomore class to degree-granting institutions. In May of that year, the House of Delegates of the North Dakota State Medical Association unanimously adopted a resolution calling for feasibility studies for the establishment of a comprehensive health education program in North Dakota. Such a study, under the direction of Mr. Gary Dunn, and subsequently called the Dunn Report, began in September 1971.

In December 1971, the State Board of Higher Education approved a letter of intent to convert to a degree-granting school from UND President Thomas Clifford to the Bureau of Health Manpower Education at the National Institutes of Health. The action was taken to obtain priority for conversion funds to a four-year institution. The federal government will provide a conversion grant of \$50,000 for each student who begins his junior year in a conversion program by the fall of 1974.

Also in December 1971, the North Dakota Legislative Council created its Committee on Medical Education and Services to study the situation.

The Dunn Report was completed in March 1972 and basically urged the development of a degree-granting medical school in North Dakota. In May 1972, the North Dakota State Medical Association approved in principle the development of a degree-granting curriculum at UND within the near future.

In September 1972, the Bureau of Health Manpower Education awarded North Dakota one of its 10 Area Health Education Center (AHEC) grants. The grant is for \$2.65 million and is to be spread among the four North Dakota AHECs (Minot, Fargo, Grand Forks and Bismarck) over the next five years.

Based upon its own work and the findings of the Dunn Report, the UND Medical Operations Committee in the summer of 1972 proposed a degree-granting medical education program for North Dakota in which all four years would be covered in-state. The final two years would be split among the four AHECs.

In October 1972, the national management consulting firm of Booz Allen & Hamilton, Inc., was hired to examine the various alternatives facing medical education in North Dakota. The study was financed by a grant from the Hill Family Foundation, and was conducted in its final stages under the supervision of the State Board of Higher Education.

The Legislative Council Committee met jointly with the State Board of Higher Education on December 15, 1972, and received the recommendations of the Booz Allen Report. The report basically recommended contracting with other states for medical education and the Legislative Council immediately initiated contacts with the University of Minnesota and the Mayo Clinic medical schools concerning this.

Both of the Minnesota institutions are very favorable toward the so-called 2-1-1 plan whereby UND's medical students would spend their first two years at UND, their third year at either the University of Minnesota or Mayo Clinic Medical Schools, and their fourth year at one of the four AHEC sites in North Dakota. The University of North Dakota would award the medical degree.

The Council Committee on January 9, 1973, discussed in some detail the 2-1-1 plan, which had drawn the unanimous support of the North Dakota Medical Association, the North Dakota Hospital Association, the Medical Center Advisory Council, and the State Comprehensive Health Planning Advisory Council. The State Board of Higher Education, which had met jointly with the Committee on several occasions, also endorsed the 2-1-1 plan.

The Council Committee and the State Board of Higher Education met again on January 19, 1973, to review the budget proposals. On January 22, 1973, the Council Committee endorsed the 2-1-1 program and its revised budget, and gave final approval to legislation to be introduced in the 1973 Legislature, which would then authorize the State Board of Higher Education to enter into the necessary contracts and agreements to implement the 2-1-1 plan.

The 1973 Legislature did pass Senate Bill No. 2401 and it is anticipated that legislation requesting from the UND Medical School to implement the plan.

Implementation of the 2-1-1 Plan

Work began on the implementation of the 2-1-1 medical education plan as soon as the Governor approved Senate Bill No. 2401, which contained an emergency clause. The implementation is being handled locally by the UND Medical Operations Committee in

in conjunction with the State Board of Higher Education. They have met at least twice with representatives of the University of Minnesota Medical School and of the Mayo Clinic Medical School.

Most of the negotiations to date have concerned curriculum matters, i.e., exactly what the North Dakota medical students will be taking in the way of programs and sequences at the two Minnesota medical schools. There has also been some discussion of contract costs. Negotiations have been proceeding smoothly regarding the curriculum, and it appears at this time that there will be no major difficulties in this area. The UND Medical School's curriculum appears to be compatible and structured so that the students can fit into the correct programs at both the Mayo Clinic Medical School and the University of Minnesota Medical School.

Tentative plans now call for 40 UND medical students to begin participation in the 2-1-1 program in the fall of 1974. The split between the two Minnesota schools will be either 30-4 or 35-5, with the most students going to the University of Minnesota Medical School.

The first students under the 2-1-1 program will return to North Dakota in the summer of 1975 to begin their fourth-year programs at the four AHEC centers and in other smaller communities.

the Capitol in the City of Bismarck, on Tuesday, the second day of January, one thousand nine hundred and seventy-three.

17
SENATE BILL NO. 2401
(Lips, Christensen, Nassat)
(From Legislative Council Study)

AN ACT expressing the intent of the forty-third legislative assembly regarding medical education, authorizing the state board of higher education to enter into intrastate and interstate medical education contracts, directing review of such contracts by a legislative council committee, and declaring an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF NORTH DAKOTA:

SECTION 1. INTENT.) It is hereby declared to be the intent of the forty-third legislative assembly that the state of North Dakota, through its board of higher education, provide for a comprehensive program of medical education leading to a doctor of medicine degree.

SECTION 2. CONTRACTS OR AGREEMENTS AUTHORIZED.) The state board of higher education is hereby authorized to enter into contracts or agreements, both intrastate and interstate, to provide medical education opportunities. These contracts and agreements shall be made within the limits of available legislative appropriation and may be for such periods of time as the board of higher education deems necessary.

SECTION 3. COMMITTEE ON AGREEMENTS CREATED BY LEGISLATIVE COUNCIL.) The legislative council is hereby authorized and directed to establish a committee to study and review medical education and services in North Dakota. The board of higher education shall submit agreements or contracts entered into pursuant to this act to this committee for review and approval.

SECTION 4. EMERGENCY CLAUSE.) This act is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

APPROVED AND PASSED 1973

LIAISON COMMITTEE ON MEDICAL EDUCATION

Council on Medical Education
American Medical Association
535 North Dearborn Street
Chicago, Illinois 60610

Edward S. Peterson, M.D.
LCME Secretary, 1979-80
(312) 761-6310

Executive Council
Association of American Medical Colleges
One Dupont Circle, N.W.
Washington, D.C. 20036

J.R. Schofield, M.D.
LCME Secretary, 1978-79
(703) 486-8120

INFORMATION TO BE SUPPLIED BY DEVELOPING MEDICAL SCHOOLS

The following outline is indicative of the information which will be sought by the Liaison Committee on Medical Education and becomes of critical importance when the developing school requests a formal evaluation for accreditation.

- 1) A brief history, including names and titles of persons involved, of events leading to the proposal to establish a new medical school.
- 2) Name and legal status of the group responsible for the establishment of the new medical school.
- 3) Extent of the actual and projected commitment to the establishment of a new medical school as evidenced by:
 - a) plans for the financing of capital construction
 - b) the availability of funds for projected operating costs
 - c) significant, formal actions by the Board of Trustees
 - d) formal action by state, city, or county governmental bodies relating to the proposed school
 - e) other significant actions or determinations which are supportive of the development of a sound education and research program.
- 4) The basic rationale for the establishment of the school in the proposed location, including a summary, or, if practical, a copy of the report of any formal feasibility studies.
- 5) The present and projected administrative and functional relationships between the proposed school and a recognized institution of higher education. Include a description of existing and projected programs of graduate education in the biological, behavioral, and physical sciences.
- 6) If not described in enclosed reports of feasibility studies, describe the present and projected resources available for the development of a medical teaching center.

- (a) relevant population data and trends
 - (b) existing and planned academic facilities
 - (1) classrooms
 - (2) teaching laboratories
 - (3) library
 - (4) clinical facilities (cite the potential number and variety of patients, arranged to be available for teaching programs, including hospital inpatient and ambulatory care facilities, etc.)
 - (c) other facilities for medical education, allied health education, and graduate education in the basic medical sciences, in the area with which a close relation to the proposed school is planned
 - (d) the pool of able students potentially qualified and available for the study of medicine (include available statistics from the state and region)
 - (e) faculty recruitment, current status and projected plans, faculty salary scale, and fringe benefits, indicating differences, if any, between basic science and clinical departments.
- (7) The extent to which the institution has the support of the community and of individuals, professional groups, and other institutions which can logically be expected to participate or have an active interest in the development and maintenance of its program. Describe any opposition to the establishment of the school.
- (8) The type of educational programs contemplated for the school indicating any new or experimental approaches being considered. Describe course schedules and/or distributions of time in the curriculum. Indicate the duration of the curriculum, i.e., three or four years. Describe any plans for use of multiple media, self-learning teaching techniques, etc.
- (9) Additional education programs which will be established as a responsibility of the medical school faculty, including the facilities and operational support needed, e.g., dentistry, nursing, allied health, graduate programs in the basic sciences, and graduate medical education.
- (10) Service programs, particularly involving a responsibility for patient care which will be a responsibility of the faculty.
- (11) The time schedule for establishment of the medical school and other educational programs. Describe the current status of planning and development of new academic and clinical facilities. Indicate the tentative date for enrolling the first class of students.
- (12) An outline of the administrative organization and decision-making processes which are planned for the school. Include descriptions of the administrative responsibility of key administrative positions

and groups. Include plans for the assignment of administrative responsibility for the development and operation of programs for the basic sciences, clinical sciences (including patient care programs, hospital relations, and so forth), student affairs, admissions, curriculum, planning, business and financial management, and the planning and development of facilities.

11/15/78



UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701

February 5, 1982

The Honorable Charles Parr
The Senate
Alaska State Legislature
Pouch V, M/S 3100
Juneau, AK 99811

Dear Senator Parr:

Re: S.B.615 & 616

The attached materials are submitted as background for Senate HESS Committee Hearings on Senate Bills 615 and 616 on February 19.

In summary, it appears to me that a medical school in Alaska might be justified about ten years in the future. Development of a medical school takes seven to ten years. In the interim, certain steps might be taken which are entirely justified on their own merit and could eventually contribute components of a medical school in Alaska.

These include development of a family medicine post-M.D. specialty training program, expansion of medical student training in Alaska through the WAMI Program and strengthening of applied health research closely tied to medical education.

Sincerely,

Wayne W. Myers, M.D.
Director, WAMI Program

WWM/bw
Attach.

The University of North Dakota

SCHOOL OF MEDICINE

University Station, Box 80
Grand Forks, ND 58202
(701) 777-3017

January 29, 1982

GARY F. DUNN
Associate Dean for
Administration

Mr. Bill Zybach
c/o Senator Parr
Pouch V
Juneau, Alaska 99811

Dear Mr. Zybach:

If I had it to do again I would modify our arrangement in the following ways:

1) Designate a community hospital as the teaching hospital and enter into a long-term contract with them which would allow your departmental chairmen in medicine, surgery, OB/GYN, pathology, psychiatry, neurology, orthopaedics, and pediatrics to be chiefs of those services. Offer residencies in the above disciplines along with the third year clerkships at the designated hospital.

2) Establish micro medical centers which would include a family medicine residency and a core faculty from your basic disciplines to teach residents and fourth year medical students.

In looking at your situation I would suggest:

- 1) Teach the first year of basic science at the university in Fairbanks.
- 2) Teach Year 2 basic science and third year clerkships at your teaching hospital site - perhaps Anchorage; also establish your clinical research base there.
- 3) Establish micro centers for teaching family medicine residents and student electives in Juneau, Ketchikan and Fairbanks.
- 4) Admit no more than 40 students - from Alaska - per year (elite).
- 5) Limit your first year residency enrollment to 3 per discipline.
- 6) Limit basic science faculty on state funds to 4 per discipline - (6 in pathology) (22).
- 7) Limit full-time clinical faculty on state funds:
5 in surgery 8 in medicine 5 in OB/GYN 4 in pediatrics
3 psychiatry 3 neurology 3 orthopaedics
5 family medicine (36)

Mr. Bill Zybach
January 29, 1982
Page two

8) Dean's office and staff in Anchorage (or wherever hospital is) plus assistant deans at Juneau, Fairbanks and Ketchikan.

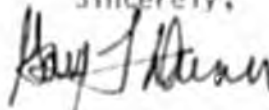
9) Place all full-time faculty on a medical service plan which will return a high percentage of practice income to the school.

10) Emphasize excellence in research when selecting both your basic science and clinical faculty - with the exception of family medicine.

I hope this sketchy outline along with the documents enclosed will be helpful to you.

I am reasonably familiar with Alaska and its people and would very much enjoy helping you get your school "off the ground".

Sincerely,



Gary F. Dunn,
Associate Dean

GFD/kib

Encs.

POSITION PAPER
CS FOR SENATE BILL NO. 615 and 616

CS for SB 615 is "An Act providing for the planning of a Medical and Health Services School in the University of Alaska at Anchorage."

CS for SB 616 is "An Act making a special appropriation to the University of Alaska for development of a plan for a Medical and Health Services School at Anchorage; and providing for an effective date."

The first Bill CS for SB 615 requires the University of Alaska prepare a plan for the planned development of a Medical and Health Services School to be located in Anchorage. The plan is to include five points that will cause the program to enhance health care to Alaskans.

The second bill CS for SB 616 provides for the sum of \$100,000 to fund a study and resultant plan to create a Medical and Health Services School at Anchorage.

The Department feels this proposed study and the time schedule laid out to accomplish the program, coupled with the five areas to be approached will produce a plan that will enable an informed decision to be made.

We support the passage of Senate Bills 615 and 616.

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

Date: 3-77-51

Approved by: Helen D. Beirne
Helen D. Beirne, Commissioner
Department of Health &
Social Services

Date: 3/22/52

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB NO. 615 and 616
 Title "An Act establishing a school of medicine and teaching hospital in the
 Requested by Commissioner's Office Date 3/22/82
University of Alaska at Anchorage....."

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
TOTAL	0	0	0	0	0	0

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 3/22/82 PREPARED BY David Bruce
 AGENCY Health and Social Services
 Original: Legislative Finance PHONE 465-3090
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 JJ-001 (Rev. 12/81)

POSITION PAPER

SENATE BILL NO. 615

"An Act establishing a school of medicine and teaching hospital in the University of Alaska at Anchorage and for a limitation on expenditures for design and construction."

Senate Bill No. 615 creates a school of medicine at the University of Alaska-Anchorage, authorizes the construction of a university hospital and sets a limit of 100 million dollars for the design and construction.

The advantages are many in having a medical school and university hospital within the State. Some are:

- (a) the quality of care provided is improved;
- (b) opportunities for continuing medical education are improved, especially for providers in the rural areas;
- (c) total medical care could be provided within the State;
- (d) the University competency is broadened and strengthened; and
- (e) research opportunities directly related to Alaska medical problems will be enhanced.

The choice of Anchorage as a location is wise. In Alaska, with its small population, a medical school and university hospital would by necessity have to be located in a large population center and transportation hub.

The size of a university medical facility or center is more than the size of a similar sized community hospital. This is because of the need for large numbers of research laboratories, faculty offices, specialty clinics and large ambulatory care clinics, and specialty construction required for a teaching hospital. In order to be a viable university hospital - that is covering all medical specialties - a minimum of 300 beds would be required.

As such a "certificate of need" is required by both State and Federal regulations. A 300 bed facility would be the largest hospital in the State, increase the number of available beds in Anchorage by approximately 50% and would thus most likely be refused approval. Two possible solutions to this dilemma would be: 1) negotiate with the Alaska Area Native Health Service Hospital in Anchorage to close and then contract with them to handle their patient load; 2) class the university hospital as a "statewide" or "at-large" facility with a certain percentage of beds obligated to referrals from outside the Anchorage area.

It is felt the maximum amount of funding - \$100,000,000 is not adequate. In general a community hospital has about 1,000 square feet of space per bed. For a combined medical school-university hospital the ratio is approximately 1500 square feet per bed. Taking the cost per square foot of recent construction of an addition to the Palmer Hospital (\$292.5/sq. ft.) we calculate the cost for planning and construction to be \$292.5/sq. ft. times 1500 sq. ft. times 300 rooms or \$131,625,000 in 1982 dollars. Documents we have obtained indicate hospital construction takes from inception to 3.4-8.3 years until

the first patient is received. At 10% annual inflation this could mean costs of \$159,266.250 (3 years) to \$256,499,888 (8 years).

While we realize costs will increase drastically we would urge the legislature to delay the project by one year and to commission a study of the feasibility of such a project and the costs. It is estimated the cost of such a study would be \$150,000. The population may be too small to afford the broad clinical spectrum of patients so necessary for teaching purposes.

The Department supports the concept of a medical school and university hospital but we feel a thorough study should be completed before commencing this project.

Recommended by:

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

Date:

Feb. 1, 1982

Approved by:

Helen H. Beltrac
Helen H. Beltrac, Commissioner
Department of Health and
Social Services

Date:

2-1-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 615
Title "An Act establishing a school of medicine and teaching hospital in the
Requested by Commissioner's Office Date 2/1/82
University of Alaska at Anchorage....."

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
TOTAL	0	0	0	0	0	0

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	0	0	0	0	0	0
OTHER (Specify Source)	0	0	0	0	0	0

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
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 2/1/82 PREPARED BY David Bruce
AGENCY Dept. of Health & Social Services
Original: Legislative Finance PHONE 465-2090
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

JCC

LIAISON COMMITTEE ON MEDICAL EDUCATION

Council on Medical Education
American Medical Association
535 North Dearborn Street
Chicago, Illinois 60610

Edward S. Petersen, M.D.
LCME Secretary, 1981-82
(312) 751-6310

Association of American Medical Colleges
One Dupont Circle, N.W.
Washington, D.C. 20036

J.R. Schofield, M.D.
LCME Secretary, 1982-83
(202) 828-0670

January 29, 1982

Senator Charles H. Parr
Pouch V
State of Alaska
Juneau, AK 99811

Dear Senator Parr:

In response to your request I am sending you a brief synopsis of the general requirements for the development of a new medical school and the controls exercised by the national accrediting authority, the Liaison Committee on Medical Education over such developments.

The information which follows is derived from a very careful study of the development of the last forty-four medical schools, all of which enrolled their first class of beginning medical students in the U.S.A. and Canada between 1960 and 1980. All of these data and a detailed analysis thereof are being pulled together for publication in a book which I hope will emerge sometime about the end of the calendar year.

Time Table:

First of all, it is important to understand that the development of anything so complex as a medical school requires a very substantial period of time. The general preparation of the authority for the medical school, the feasibility studies necessary, and the beginning accumulation of the essential resources for such a school has ordinarily required an average of five years in the cohort of forty-four experiences we have studied. In some circumstances, the time span for early preparation has been less than five years but this usually was in a situation where there were a great many resources already available which were given to the medical school for its use. In a situation where all resources must be developed, more than five years may be needed.

After the early planning, feasibility studies and preliminary movement of resources has been well under way for some time; it is necessary for the sponsoring institution to select a founding Dean for the school. After the founding Dean, (hopefully, a person of considerable experience in the development and a subsequent management of medical schools) has been appointed, another three to five years may be needed for the Dean to use his professional expertise in recruitment of a faculty and their development of the remainder of the technical and professional resources essential for the opening of school for the first wave of instruction of medical students.

Under these circumstances, it would appear appropriate for Alaska to begin at any time the long process of consideration of the development of a medical school, but on the basis of the forty-four prior experiences throughout North America, I would caution against any attempt to move precipitously toward the opening of a school before the necessary ingredients for it have been carefully assembled.

Resources Needed for the Development of a New Medical School:

1. University Sponsorship:

With rare exception, all of the medical schools in the United States and Canada are active components of an existing major university. The best environment for the development of a medical school is the university which is sufficiently comprehensive that it has a substantial enrollment, including graduate study in at least the science areas and in addition, operates other professional schools such as Law, Business, Engineering, Architecture, and other areas which would complement the development of the program of medical education leading to the M.D. degree.

2. Financial Support for Operations:

During the 1979-80 fiscal period, the mean expenditure for basic educational operations of these 126 schools in the U.S.A. amounted to twenty-five million dollars. A new school should expect to need around ten to fifteen million dollars per year at the time the first class is enrolled and would require increased expenditures upward from that starting point, the degree of expansion being dependent upon the complexity of the educational program, the prior availability of resources and other variables.

3. Capital Financing for Basic Teaching Facilities:

The forty-four new medical schools built a variety of buildings and a summary of details of these will be presented in the book which I am preparing. However, it might be adequate now to suggest that a new medical school proposed at this time would need a minimum of 100,000 square feet NET for the housing of the basic science teaching activities of the school of medicine, i.e., those subjects found in the first couple of years of the Curriculum, which require class rooms, student and faculty laboratories, library, faculty offices, administrative areas, auditoria, facilities for student amenities, and other basic supporting areas. Additionally, space must be made available as an extension of this basic teaching building or elsewhere for the housing of the clinical faculty to be mentioned hereafter as well as for animal facilities to support research activities for the faculty. It is difficult to estimate what the cost of the basic building would be in Alaska, but 100,000 square feet net as a minimal target could be calculated in terms

of cost per square foot if one accepts the fact that approximately sixty percent or less of the gross square footage of a building becomes the net usable available space.

I would suggest that the matter of sponsorship ought to be well established early on and that the State government ought to decide whether or not it has the sustained interest to finance the project at the magnitude set forth above with the careful rotation that these estimates are in 1980 dollars.

4. Faculty:

After the Dean has been appointed, his principal task will be to recruit the members of the faculty. It is unlikely that the university sponsoring the medical school will have on hand already a surplus of faculty members who could be assigned to duty in the medical school. Therefore, the medical school will find it necessary to attract from other universities all of the faculty needed for its educational programs. The forty-four new schools we have studied by and large built the number of full-time faculty members to the level of around 125 FTE by the time that the first entering class rose to the fourth year of studies and was ready to be graduated. The full-time faculty are substantially assigned to the basic science areas and to administration while the clinical faculty needs a hard core or critical mass of full-time people to organize the clinical teaching activities: the efforts of this latter group sometimes may be supplemented by such contributions as may be made voluntarily by the local physicians or by some of that cadre of practicing physicians who may be able to devote part-time on salary to the functions of the school. In view of the long standing shortage of physicians in Alaska, it is doubtful that the currently practicing physicians have a great deal of surplus time to devote to a new school of medicine.

5. Clinical Teaching Resources:

This is probably the most difficult area to be addressed in the development of a new medical school. A well established formula has been in use for the last half century with regard to the number of hospital beds needed per clinical clerking student in the third year of the normal curriculum. By that, I mean that approximately eight to ten general hospital beds are needed for each student in the class, i.e., if the class of students totals fifty, then the need for hospital beds, preferably in one institution, would run four to five hundred hospital beds. Additionally, the medical students during the final two years of their study have to observe a sufficient number and variety of patients receiving expert care to introduce them to the full spectrum of methods of modern diagnosis and therapy. The other requirement which the hospital must have before medical students can be assigned to it would be programs of graduate medical education, that is, residency training programs in the various specialties. I would suggest that first