

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5663 HOUSE HEALTH, EDUCATION & SOCIAL SERVICES

TABLE 2
STATE ALCOHOL BEVERAGE EXCISE TAX RATES - WINE

RANK	TYPE OF STATE		STATE	WINE
	CONTROL	LICENSE		
1		X	MINNESOTA	\$3.52 per gallon
2		X	FLORIDA	3.50
3		X	NEVADA	2.95
4		X	INDIANA	2.68
5		X	GEORGIA	2.54
6	X		UTAH	2.25
7		X	OKLAHOMA	2.08
8		X	SOUTH DAKOTA	2.07
9		X	HAWAII	2.00
10	X		IOWA	1.75
11		X	LOUISIANA	1.58
12	X		VIRGINIA	1.52
13		X	NEBRASKA	1.35
14	X		OHIO	1.27
15	X		MAINE	1.24
16		X	TENNESSEE	1.10
17		X	SOUTH CAROLINA	1.08
18	X		MONTANA	1.02
19	X		MISSISSIPPI	1.00
20	X		WEST VIRGINIA	1.00
21		X	NEW MEXICO	0.95
22	X		NORTH CAROLINA	0.91
23		X	**ALASKA**	0.85
24		X	ARIZONA	0.84
25	X		WASHINGTON	0.83
26	X		OREGON	0.77
27	X		MICHIGAN	0.76
28		X	ARKANSAS	0.75
29		X	KANSAS	0.75
30		X	CONNECTICUT	0.75
31		X	MASSACHUSETTS	0.70
32		X	NEW YORK	0.66
33		X	ILLINOIS	0.60
34		X	NORTH DAKOTA	0.60
35	X		VERMONT	0.55
36		X	TEXAS	0.52
37		X	KENTUCKY	0.50
38		X	WISCONSIN	0.45
39	X		IDAHO	0.45
40		X	DISTRICT OF COLUMBIA	0.45
41	X		ALABAMA	0.45
42		X	MARYLAND	0.40
43		X	DELAWARE	0.40
44		X	MISSOURI	0.34
45	X		NEW HAMPSHIRE	0.30
46		X	NEW JERSEY	0.30
47		X	CALIFORNIA	0.30
48		X	COLORADO	0.28
49		X	RHODE ISLAND	0.04
50	X		WYOMING	
51	X		PENNSYLVANIA	

NOTES:

Where multi-rates were given, the highest rate was used.

Control states using a percentage markup system are omitted.

Prepared by the House Research Agency, March 1989 (89-2578).

TABLE 3
STATE ALCOHOL BEVERAGE EXCISE TAX RATES - SPIRITS

RANK	TYPE OF STATE		STATE	SPIRITS
	CONTROL	LICENSE		
1	X		UTAH	\$12.50 per gallon
2		X	FLORIDA	9.53
3	X		WASHINGTON	7.42
4		X	**ALASKA**	5.60
5		X	OKLAHOMA	5.56
6		X	HAWAII	5.20
7		X	MINNESOTA	5.03
8		X	NEW YORK	4.09
9		X	MASSACHUSETTS	4.05
10		X	TENNESSEE	4.00
11		X	CALIFORNIA	4.00
12		X	NEW MEXICO	3.94
13		X	SOUTH DAKOTA	3.93
14		X	GEORGIA	3.79
15		X	WISCONSIN	3.25
16		X	ARIZONA	3.00
17		X	CONNECTICUT	3.00
18		X	NEBRASKA	3.00
19		X	NEW JERSEY	2.80
20		X	SOUTH CAROLINA	2.72
21		X	INDIANA	2.68
22		X	NORTH DAKOTA	2.50
23		X	LOUISIANA	2.50
24		X	KANSAS	2.50
25		X	ARKANSAS	2.50
26		X	RHODE ISLAND	2.50
27	X		MISSISSIPPI	2.50
28		X	TEXAS	2.40
29		X	COLORADO	2.28
30	X		OHIO	2.25
31		X	DELAWARE	2.25
32		X	NEVADA	2.05
33		X	ILLINOIS	2.00
34		X	MISSOURI	2.00
35		X	KENTUCKY	1.92
36		X	MARYLAND	1.50
37		X	DISTRICT OF COLUMBIA	1.50
38	X		WYOMING	0.94
39	X		VERMONT	
40	X		WEST VIRGINIA	
41	X		PENNSYLVANIA	
42	X		VIRGINIA	
43	X		MONTANA	
44	X		NORTH CAROLINA	
45	X		MAINE	
46	X		OREGON	
47	X		NEW HAMPSHIRE	
48	X		ALABAMA	
49	X		IDAHO	
50	X		IOWA	
51	X		MICHIGAN	

NOTES:

Where multi-rates were given, the highest rate was used.

Control states using a percentage markup system are omitted.

Prepared by the House Research Agency, March 1989 (89-2570)

REVENUE FROM ALCOHOL SALES

Table 4 shows the tax revenues raised from the sale of alcohol since 1983. Consumption of alcohol steadily decreased after 1984, the year in which the excise tax was most recently raised. Several factors may have contributed to the decrease, including population characteristics, stricter driving-while-intoxicated laws, educational campaigns, etc. The increased consumption during 1984 may indicate that higher taxation did not deter sales.

* * * * *

TABLE 4
 TAX REVENUES FROM ALCOHOL SOLD IN ALASKA: FY 83 - FY 88
 (In Millions of Dollars)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Beer	\$3.3	\$4.7	\$4.9	\$4.9	\$4.7	\$4.5
Wine	.8	1.3	1.4	1.3	1.3	1.2
Liquor	5.4	7.4	7.5	7.0	6.6	6.2
Total	\$9.5	\$13.4	\$13.8	\$13.2	\$12.6	\$11.9

Source: Alaska Department of Revenue, Research Section.

* * * * *

In addition to excise taxes, alcoholic beverage distributors pay an annual license fee and application fee. Table 5 provides the license fee schedule and revenue for FY 88. Application fees are \$100 for a new license, license renewal, or a license transfer. Application fees collected in FY 88 totaled approximately \$240,000.

TABLE 5
 ALCOHOLIC BEVERAGE LICENSE FEE SCHEDULE: FY 88 REVENUE

TYPE OF LICENSE	NUMBER OF LICENSES ISSUED	ANNUAL FEE SCHEDULE	FY 88 REVENUE
Brewery	2	\$500	\$ 1,000
Distiller	1	500	500
Beverage Dispensary	689	1,250	854,643
Club	87	600	52,866
Common Carrier	158	350	50,000
Restaurant & Eating	319	300	96,566
Retail Liquor	474	750	356,041
General Wholesale	16	1,000	126,100
Maltbeverage Wholesale	7	200	7,300
Public Liquor	1	400	400
Miscellaneous Revenue*	1,250	variable	66,984
Total	3,026		\$1,612,400

*Revenue from one-time permits and other services from the Alcoholic Beverage Control Board. Permits include Caterers, 636 issued during FY 88; Special Events, 97 issued during FY 88; Restaurant Designation, 503 issued during FY 88; and Restaurant Caterers, 14 issued during FY 88.

Source: Alaska Alcoholic Beverage Control Board

* * * * *

POLICY ALTERNATIVES

Recent research from the State Office of Alcoholism and Drug Abuse indicates that "the state spends \$13.42 in services for each \$1.00 of revenue collected for alcoholic beverages."² Policy alternatives aimed at increasing revenues are discussed below.

²The Economic Cost of Alcohol and Other Drug Abuse in Alaska, State Office of Alcoholism and Drug Abuse, Volume 1, February 1989.

State Control of Alcohol Sales

Five states control the wholesale distribution of alcoholic beverages within their boundaries.³ These states buy alcoholic beverages from manufacturers and sell to privately owned, licensed retail outlets. Other states control both wholesale and retail sales.

A state's revenue potential in a control system depends upon the degree of control and the rate of markup. Of the five wholesale control states, all five states control spirits and two states control both spirits and wine.⁴ Markup is often in addition to excise tax, so the revenue potential in Alaska could be the net gain from the markup process. The markup rates in the wholesale control states range from 17.6 percent to 51 percent of the value of the product.

Wyoming (whose sparse population and vast area are similar to Alaska) reported 1988 sales of 1,387,517 gallons of wine and spirits at a markup of 17.6 percent of value; gross revenue from markup was \$3.73 million, or approximately \$2.69 per gallon. Based on similar wholesale value and sales of 2.5 million gallons of wine and spirits annually, a 17.6 percent markup would net about \$6.8 million per year in Alaska. Additional revenue could be collected by controlling distribution of beer and/or applying a larger markup. Additional markup could be captured by the state if retail sales were also controlled. Costs of operations could be recovered through shipping and handling fees. In Wyoming, such fees are approximately \$3.00 per case.

No state has converted from a private sector system to a control system. Ted Harris, a public relations consultant for the National Alcoholic Beverage Control Association, stated that it would be politically difficult for a license state to become a control state because it would transfer private sector jobs and profits to the state. Alaska has 16 general wholesale distributors and seven malt beverage and wine wholesale distributors.

³The five states are Iowa, Michigan, Mississippi, Ohio and Wyoming. Michigan owns retail outlets but is considered a wholesale control state by the Bureau of Alcohol, Tobacco, and Firearms because state sales equal less than five percent of total retail sales. Tables 1 through 3 list those states that control both wholesale and retail sales.

⁴Most control states do not operate as wholesalers for beer.

Increase License Fees

A liquor license has no official monetary value. However, by limiting the number of alcoholic beverage licenses issued, the state makes the licenses valuable assets. The market value of a liquor license corresponds to the present value of the expected revenue stream (net of costs) from liquor sales. The actual market value of a license is unknown since transfer applications do not include price of purchase. Collection of this information would give the state access to the market value of liquor licenses and the ability to tax this government-created wealth. Although license fees are intended to recover the cost of administering the laws and regulations, they do capture some of the value of the licenses. The license fee schedule could be easily modified to capture a larger share of the wealth. License fees were last set in 1980.

Application fees were last increased in 1987, from \$50 to \$100. Over 3,000 applications were processed by the Alcoholic Beverage Control Board during FY 88.

Increase Alcohol Excise Tax Rates

There has been discussion of taxing alcoholic beverages according to alcohol content rather than beverage type. Table 6 shows that taxing beer and wine at a rate based on the equivalent alcohol content (relative to spirits) would generate \$4.4 million annually. Once equalized, rates should be raised by equal percentage amounts if equalization is to be maintained. Total revenue under any tax increase will depend not only on the tax rate, but on the volume sold. Generally, a tax increase can be expected to reduce sales, so projections based on current sales will tend to overstate actual income.

TABLE 6
EQUALIZATION TO PRESENT TAX RATE OF SPIRITS
(In Millions of Dollars)

	<u>Present Rate (\$/gal)</u>	<u>New Rate (\$/gal)</u>	<u>Projected Revenue</u>	<u>Revenue Change</u>
Beer	0.35	0.59	\$7.5	\$3.0
Wine	0.85	1.82	2.6	1.4
Spirits	5.60	5.60	6.2	0.0
Total			\$16.3	\$4.4

* * * * *

I hope this information is helpful. Please contact our office if the committee members have further questions.

ATTN: Jan Trettner

Fax: 465-3700

4 April 89

Dear Jan,

Thank you for your phone calls yesterday.

Enclosed are:

1) A chart comparing and contrasting the present tax rate with H.R. 246 and my proposal; and

2) A very brief outline of ^{what} my remarks on Fri. will cover.

I will be less than 10 minutes.

Again thank you for notifying me of the hearing.

Sincerely,

James D. Cray

H. 248-2629

W. 343-4240

Outline of Comments

- ① Responsibility
- ② \$200,000,000
- ③ \$94,000,000
- ④ \$11,862,342
- ⑤ \$1⁵⁰ / 5.9¢
- ⑥ ADN "People in Peril"
 - a) No. 1. story in 88
- ⑦ Ask a cop
- ⑧ laws vs. enforcement
- ⑨ SIN tax vs. "user" tax
- ⑩ 74% - 15%
- ⑪ Who affected
- ⑫ Equity
- ⑬ Chart
- ⑭ Cut budget
- ⑮ ↑ alcohol & tobacco tax
- ⑯ "Letter"
- ⑰ "Spirit"
- ⑱ Cream
- ⑲ = ize tax rates
- ⑳ ↑ won't deprive
- ㉑ Source of the problem made more of the source of the solution.
- ㉒ Malt - \$1.05
Wine - \$2.15
> 21% - \$12.75

	TAX RATE	246	CRIMY PROPOSAL
MALT	12,839,436 gallons @ \$.35	\$.75/gal.	\$1.05/gallon
WINE	1,432,635 gallons @ \$.85	\$2.34/gal.	\$2.15/gallon
Other beverages with > 21% alcohol by volume	1,098,357 gallons @ \$5.60	\$7.20/gal.	\$12.75/gallon
Revenue raised based on F.Y. 88 Gallons	\$11,862,342	\$20,890,113 (↑ of \$9,027,771)	\$30,565,623 (↑ of \$18,703,281)
twelve (12) ounce Bottle of BEER *	3,3¢	7¢ (an ↑ of 3.7¢ from the present tax)	10¢ (an ↑ of 6.7¢ from the present tax)
Six (6) ounce Glass of Wine *	4¢	10.96¢ (an ↑ of 6.96¢ from the present tax)	10¢ (an ↑ of 6¢ from the present tax)
One (1) ounce Shot of Whiskey *	4,4¢	5.6¢ (an ↑ of 1.2¢ from the present tax)	10¢ (an ↑ of 5.6¢ from the present tax)
State Cost / Alcohol tax revenue	\$1.00 / 5.9¢	\$1.00 / 10.4¢	\$1.00 / 15.2¢

* A 12 oz. bottle of beer, a 6oz. glass of wine and a 1oz. shot of whiskey all contain equivalent amounts of alcohol

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE

THE ECONOMIC COST OF ALCOHOL AND OTHER DRUG ABUSE IN ALASKA

MYRA M. MUNSON, COMMISSIONER, DHSS

MATT FELIX, COORDINATOR



STATE OFFICE OF ALCOHOLISM AND DRUG ABUSE
BOX H05F, JUNEAU, ALASKA 99811-0607
AK/DHSS/SCADA/89-1

Vol 1 of 2

HB

251

2

Amendment to HB 251

Add A definition of "Educational" to:

"include cultural, instructional, informative
and documentary" programming.

#1

Amendment to HB 251

p. 3, l 4

After: "project"

Add: " ON A weekly basis "

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Powers and Duties of the Alaska
 Public Broadcasting Commission
 Sponsor: Ellis, M. Davis, & Brown
 Requestor: House HES

Agency Affected: Education
 BRU: Education Program Support
 Components: Instructional Technology
 Support

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 3/29/89

Approved by Commissioner: William G. Demert Date: 3/29/89
 Agency: Education

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Report of the
Senate Special Committee on School Performance
Fifteenth Alaska Legislature

**HELPING SCHOOLS SUCCEED
AT HELPING ALL CHILDREN LEARN**

Senator William L. Hensley, Chairman

Senator John Binkley

Senator Ken Fanning

Senator Jim Duncan

Senator Jan Faiks

Bob Arnold, Project Director



January 1989

Notes on the role of broadcasting in instruction in Alaska, based on a memorandum from the Alaska Public Broadcasting Commission, September 16, 1988; "The Future of State-Supported Broadcasting in Alaska," Larry L. Pearson, 1987; "A Report to the Alaska Legislature in Response to Intent Language regarding Telecommunications in the FY88 Operating Budget," December, 1987, and a review of RATNET minutes, 1986-1988.

PUBLIC BROADCASTING

1. In FY 1989, the State appropriation for public television station operation is about \$2.5 million; these funds, supplemented by other funds, are used for the operation of four PTV stations serving about 80 percent of Alaska's population. Three stations are controlled by locally-elected boards; the fourth is operated by the University at Fairbanks.

2. For 25 years instructional television has been shown to be effective in presenting content of specific courses, in providing experiences not otherwise available, and in motivating students to learn.

2. No instructional television is carried in Juneau; Bethel carries 2 1/2 hours weekly, Fairbanks carries almost 5 hours weekly, and Anchorage carries 25 hours. Community-controlled stations are required by regulation to provide free time for instructional programming provided by local schools.

3. Nine programs for children and youth are available to stations for out of school viewing this year. In addition to the well-known programs such as "Sesame Street," they include programs to stimulate enthusiasm for learning reading ("Reading Rainbow"), for mathematics and problem solving ("Square One TV"), and for science and technology ("3-2-1 Contact"); other programs are dramatic works or discussions dealing with issues facing pre-teens and adolescents.

4. General PTV programming is often suitable as a supplement to classroom instruction in science, history, government, and other subjects. It can be the subject of homework or, when allowed, be taped for classroom use. Print materials are available for many such programs.

5. Alaska's 15 public radio stations (supported by state appropriations of about \$4 million) are sources of information and news for their listeners, but carry no instructional programming. Several stations carry programs in languages other than English.

6. Elsewhere in America, telecommunications technology is widely and effectively employed in addressing issues of

schooling -- teacher in-service training, interactive coursework for students at remote locations, teleconferences, and so on. Such uses were made of the LearnAlaska network until funding for its operation was deleted in 1986.

7. The Alaska Public Broadcasting Commission is located (by law) within the Department of Administration. The nine members of the commission are appointed by the governor for five-year terms.

THE RURAL ALASKA TELEVISION NETWORK

8. During this fiscal year, the State appropriation for the Rural Alaska Television Network (RATNet) is about \$2.6 million. Of this amount, \$2.2 million is payment to Alascom for the use of its satellite and ground stations.

9. RATNet provides television service to 248 communities, 121 of which have no other television service (about 18,000 persons), and 41 of which have no radio service (about 4,400 persons).

10. Programming on RATNet is preponderantly commercial television -- news, weather, sports, and entertainment. It does, however, carry a few PTV programs such as "Sesame Street," "Mr. Rogers' Neighborhood," and "3-2-1 Contact."
(Two recent weekly schedules are attached.)

11. There is virtually no instructional use made of RATNet during days or evenings, even though the legislative intent (FY 1987) was that "RATNet and Learn/Alaska be combined on one statewide network managed by the Department of Administration." In 1987, the consultant to the House committee on telecommunications said the RATNet directors refused to return to the pre-Learn/Alaska format of daytime instructional programming and evening entertainment. He said, "...they have considered instructional programs during the day on a case by case basis and have expressed unwillingness to make a regular day-time slot available for instructional programs."

12. RATNet's policy guideline on this subject is that "Instructional programming is considered to be consistent in quality with network programming and will be assigned on a time slot basis."

14. Currently, the Department of Education uses the satellite for transmission of programs between the hours of 2:00 a.m. and 4:00 a.m. (for eight weeks each year) for recording by school districts for their later use. The department also has been authorized to use five hours this year for "Talkback," special presentations affording students the opportunity to ask questions.

13. The department's request for one hour daily, four days a week, for transmission of a course in Japanese for up to 15 districts for this school year was rejected by the RATNet board.

14. RATNet programming is determined by a 17-member board made up of 12 representatives of Native non-profit corporations, two appointees of the governor, and one representative each from the Department of Education, public broadcasting, and the University of Alaska. There are no fixed terms.

-----Comments-----

a. Given the achievement levels that are implied by test scores in many rural areas, and the existing demands upon teachers and schools, I think it is important to consider whether and how State-supported broadcasting capabilities should be employed to assist what State-supported schools are seeking to do, and that is the reason I prepared this summary.

b. Here are some of the things that broadcast television can do in support of schooling goals:

- Extend the school day for the student without extending the school day for the teacher;
- Carry instructional programming that small school faculties are unable to offer;
- Present information at home that would be useful to both parents and students (e.g., drugs, alcohol, and other health information);
- Present information for parents as parents; and
- Provide in-service education for teachers.

c. Broadcast radio can also be useful in instructional programs, perhaps especially in language arts. In the communities where stations exist, high school students could also use them as places of learning.

d. I have written the president of RATNet, asking what criteria are used in making program decisions, and I will share his reply with you once I receive it.

e. The Governor's Telecommunications Information Council (made up of the cabinet and three others) may have the authority to consider the issues noted here. Although the council may not decide specific program content, its purpose regarding information technology resources is very broad.

Bob Arnold 10/19/88

RURAL ALASKA TELEVISION NETWORK (RATNET)
Briefing to House Finance Subcommittee
March 15, 1989
by Division of Telecommunications
Department of Administration

•The Rural Alaska Television Network (RATNET) began providing television to bush communities in Jan. 1977. At present, 248 communities receive State-funded television. It began as a demonstration project (TVDP) of a single delivery system for education and entertainment then changed to two separate systems (LEARN/Alaska and RATNET) and again into a single system, (RATNET). Throughout its evolution, one constant remained in the minds of Alaska's lawmakers—that State government should have nothing to do with selecting the programs.

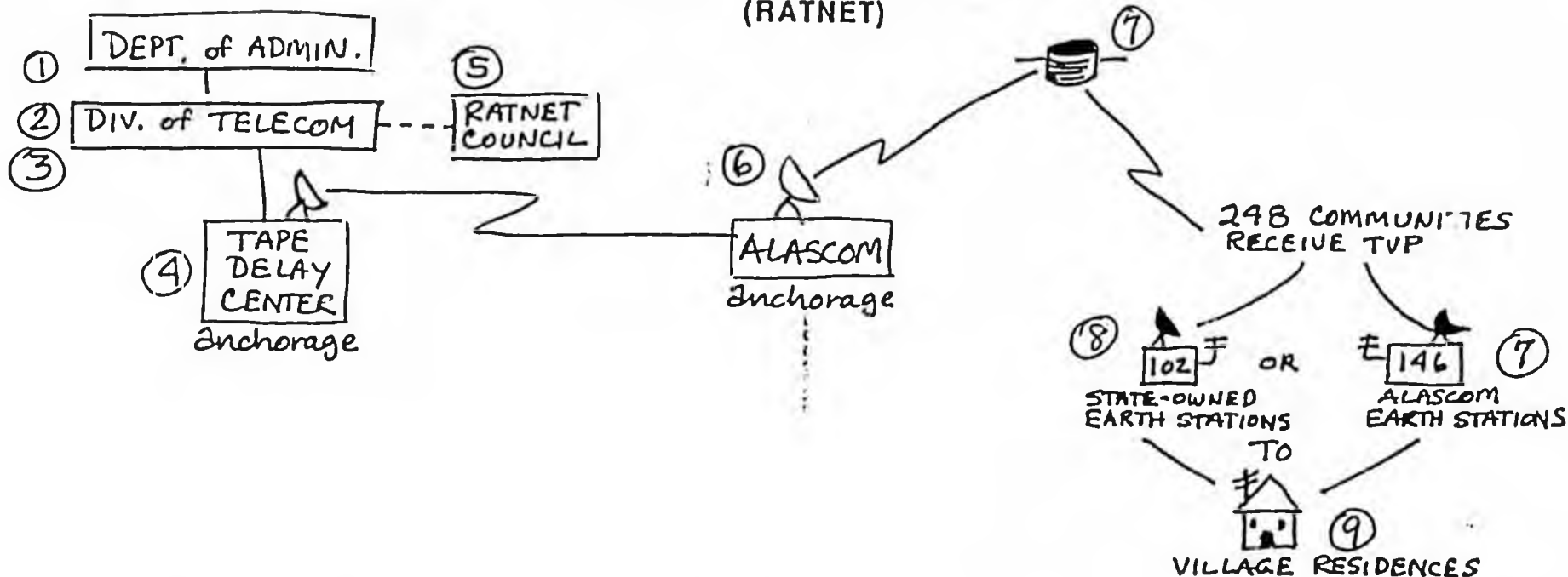
•The RATNET Council was formed to allow rural viewers to select network television programs. Originally an interim steering committee, the Council was reorganized in 1981 to include representatives of 12 regional non-profit native corporations and two Governor's appointees representing statewide interests. In 1986, the then separate LEARN/Alaska network was discontinued and the RATNET Council was expanded to 17 members to more broadly represent educational and public broadcasting interests. The newest members represent and are appointed by the APBC, the Department of Education and the University of Alaska. (Included also in the current mix of members are 2 retired teachers and one active teacher.)

•The RATNET Council meets quarterly to review, evaluate and select programming, as well as to discuss input (complaints, praise and program preferences) from the viewers they represent. Programming is selected from a number of sources, including ABC, CBS, NBC, PBS, FOX, the U of A, DOE and independent Alaskan producers. With a wide variety of programming to choose from and only one channel available, (even though the schedule is reviewed and updated quarterly), it is easy to understand why the Council comes under fire for not airing particular programs.

•The Council uses a number of techniques to select programs. The primary tool is a program survey of the local area, which helps to ascertain favorite and least favorite programs. Viewers also provide input as to the programming they would like added or decreased, i.e. sports, education, PBS, "specials", etc. In cases where programs are offered far enough in advance, the Council may employ telephone polling as a method of determining interest.

•Council meetings are generally 2 days in duration. General business is conducted the first day; a primary agenda item is Council member comments. This consists of reports on letters, phone calls and personal contacts received during the quarter. Towards the end of the first day, programs are presented for consideration. On the second day, the Council gets down to the serious business of making program selections. Each hour of each day of the week's air time is considered and programs are selected as deemed appropriate for each time slot.

STATE TELEVISION PROJECT (RATNET)



1. Division of Telecommunications provides assistance to RATNET Council with meeting coordination and travel per diem.
2. Division technicians provide statewide maintenance and repair to 102 small earth station sites that receive TVP.
3. Division engineers update and maintain 248 FCC licenses and associated documentation.
4. Division operates and manages Tape Delay Center in Anchorage with staff of 6 to deliver television programs, produce tv schedule and liaison with RATNET Council.
5. 17-Member RATNET Council meets quarterly to select programs for TVP based upon input from viewers/entities each represents.
6. Satellite uplink and transponder services leased from Alascom.
7. 144 small earth stations and downlink services to 248 sites are leased from Alascom.
8. Division maintains and repairs 102 State-owned small earth stations.
9. Residences in 248 communities receive TVP signal via State-owned or Alascom small earth stations at each location.

SATELLITE TELEVISION SCHEDULE: WEEK OF MARCH 12, 1989

SUNDAY 3/12

6:00 AM SUNDAY TODAY
 7:30 MEET THE PRESS
 8:00 NBA BASKETBALL
 (DENVER VS BOSTON)
 10:30 NCAA BASKETBALL: BIG EAST FINAL
 12:30 PM SPECIAL: ROAD TO ALBERTVILLE
 1:30 NCAA CHAMPIONSHIP SELECTION
 2:00 CARTOONS
 3:00 SUPERBOY
 3:30 THE BATTLE FOR EASTERN AIRLINES
 4:30 AUSTIN CITY LIMITS
 5:30 NATIONAL NEWS
 6:00 CHANNEL 2 NEWS
 6:30 A DIFFERENT WORLD
 7:00 60 MINUTES
 8:00 MURDER, SHE WROTE
 9:00 15TH ANNUAL PEOPLE'S CHOICE AWARDS
 11:00 TOUR OF DUTY
 12:00 BEYOND TOMORROW
 1:00 AM MARRIED WITH CHILDREN

MONDAY 3/13

7:00 PM DOLPHIN COVE
 8:00 MOVIE: ORIGINAL SIN
 10:00 ROSEANNE
 10:30 PERFECT STRANGERS
 11:00 CHANNEL 2 NEWS
 11:30 MATLOCK
 12:30 AM IN THE HEAT OF THE NIGHT

TUESDAY 3/14

7:00 PM PARADISE
 8:00 MURPHY BROWN
 8:30 HOOPERMAN
 9:00 MOONLIGHTING
 10:00 GOLDEN GIRLS
 10:30 CHEERS
 11:00 CHANNEL 2 NEWS
 11:30 ABC NIGHTLINE
 12:00 MIDNIGHT CALLER
 1:00 AM 227

WEDNESDAY 3/15

7:00 AM GROWING PAINS
 7:30 HEAD OF THE CLASS
 8:00 ALF
 8:30 DEAR JOHN
 9:00 A FINE ROMANCE
 10:00 CHINA BEACH
 11:00 CHANNEL 2 NEWS
 11:30 AMERICA'S MOST WANTED
 12:00 LATE MOVIE: NIGHT HEAT

THURSDAY 3/16

7:00 PM FULL HOUSE
 7:30 FAMILY TIES
 8:00 DYNASTY
 9:00 MOVIE: PETE'S DRAGON
 11:00 CHANNEL 2 NEWS
 11:30 THE REPORTERS
 12:30 AM WAR OF THE WORLDS

FRIDAY 3/17

7:00 PM THE WONDER YEARS
 7:30 THE COSBY SHOW
 8:00 DALLAS
 9:00 20/20
 10:00 MIAMI VICE
 11:00 CHANNEL 2 NEWS
 11:30 HUNTER
 12:30 AM FRIDAY NIGHT VIDEOS

SATURDAY 3/18

6:00 AM CARTOONS
 8:00 NCAA BASKETBALL
 SECOND ROUND
 10:00 NCAA BASKETBALL
 SECOND ROUND
 12:30 PM NCAA BASKETBALL
 SECOND ROUND
 3:00 CARTOON
 3:30 NATIONAL GEOGRAPHIC
 SPECIAL
 4:30 STAR TREK: THE NEXT
 GENERATION
 5:30 NATIONAL NEWS
 6:00 CHANNEL 2 NEWS
 6:30 GREAT CIRCUSES OF
 THE WORLD
 7:30 MAGICAL WORLD OF DISNEY
 8:30 HEARTBEAT
 9:30 MACGYVER
 10:30 L. A. LAW
 11:30 TUNDRA TERROR
 THEATER

THE FOLLOWING DEPARTMENT OF EDUCATION
 PROGRAMS ARE SCHEDULED FOR:

MAR. 16, 11AM TO 12N--TALKBACK: AIDS
 STUDENTS WILL HAVE A CHANCE TO LEARN
 ABOUT AIDS, ITS EFFECT ON THE UNITED
 STATES AND ALASKA, AND WHAT CHOICES
 THEY MUST MAKE TO PREVENT IT.
 MAR. 21, 10:30 TO 11:30 AM--NASA
 (TECHNOLOGY AND YOUR CLASSROOM)
 MAR. 22, 11AM TO 12N--TALKBACK
 (CLOSE-UP WITH GOVERNOR STEVE

WEDNESDAY MARCH 8, 1989

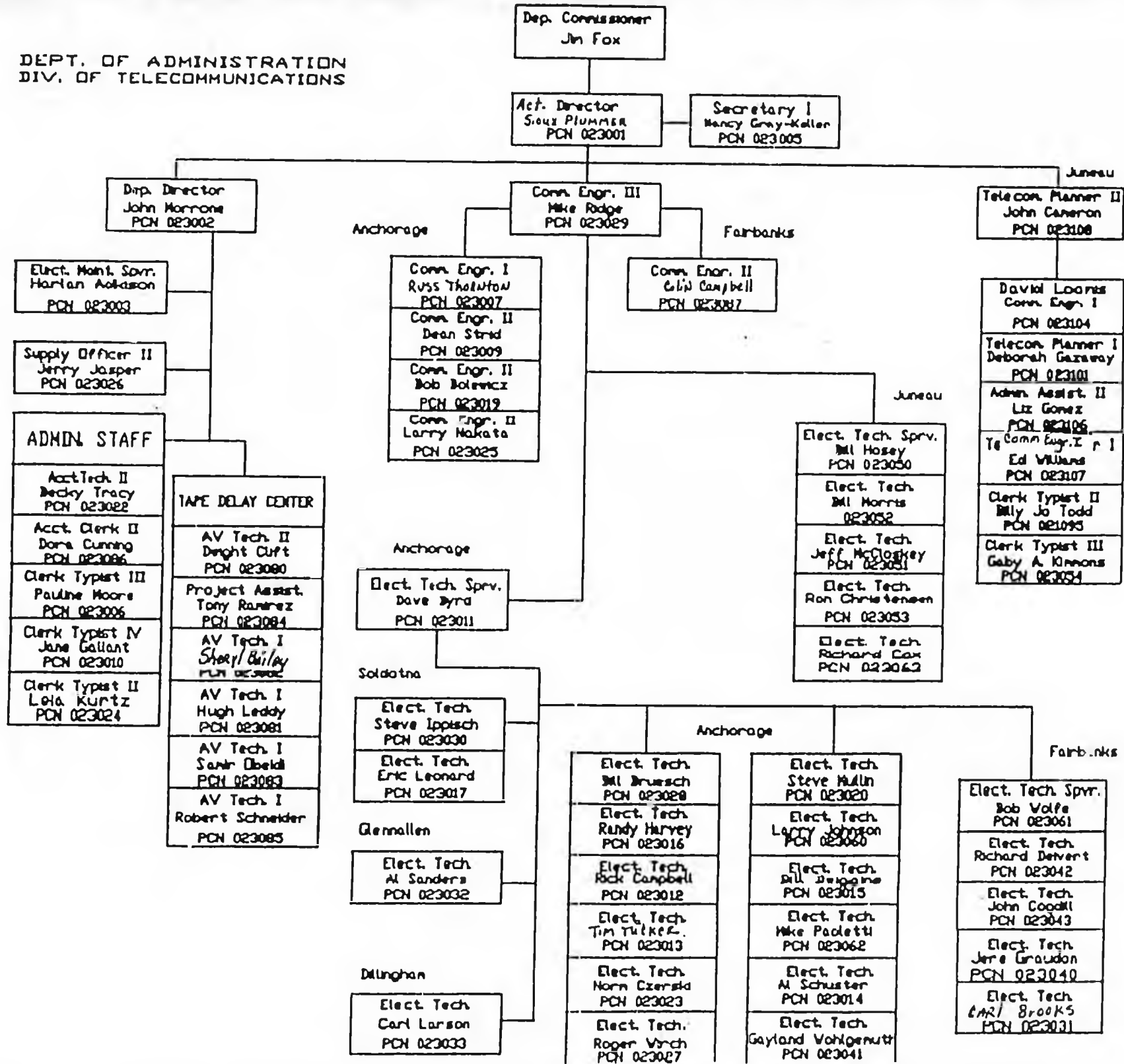
1:30	SCHEDULES.....	
5:30	20 MINUTE WORKOUT	OFF AIR CH 13
6:00	THIS MORNING'S BUSINESS	OFF AIR CH 13
6:30	ABC WORLD NEWS THIS MORNING	OFF AIR CH 13
7:00	GOOD MORNING AMERICA	OFF AIR CH 13
9:00	FAMILY FEUD	OFF AIR CH 11
9:30	WHEEL OF FORTUNE	-----
10:00	CARTOONS	-----
11:00	* SESAME STREET <i>TAPED</i>	OFF AIR CH 7
12:00	ALL MY CHILDREN	OFF AIR CH 13
1:00	PRICE IS RIGHT	-----
2:00	*WOMEN IN AK HISTORY (PSA #8) GENERAL HOSPITAL	OFF AIR CH 13
3:00	MR. ROGERS	-----
3:30	* GOVERNOR'S WINDOW	-----
4:00	*THE ALASKA REPORT <i>Recorded at 11:AM</i>	-----
4:30	NEWS CLIPS	ALASCOM
5:00	CAPITAL '89	ALASCOM (KJUD/JUNEAU)
5:30	NBC NEWS	OFF AIR CH 2
6:00	STATEWIDE NEWS	OFF AIR CH 13
6:30	ALASKA WEATHER	TAPED HERE AT 6PM/CH 7
7:00	GROWING PAINS	OFF AIR CH 13
7:30	* HEAD OF THE CLASS	OFF AIR CH 13
8:00	ALF	-----
8:30	DEAR JOHN	-----
9:00	A FINE ROMANCE	-----
10:00	YUKON QUEST SLED DOG RACE	OFF AIR CH 13
10:30	NIGHT COURT	-----
11:00	WOMEN IN AK HISTORY (PSA #8) CHANNEL 2 NEWS	TAPED HERE AT 10PM/CH 2
11:30	AMERICA'S MOST WANTED	-----
12:00	* LATE MOVIE: NIGHT HEAT	-----
1:00	EMPTY NEST	-----

SATURDAY MARCH 11, 1989

2:00	ALL-NIGHT PROGRAMMING	OFF AIR CH 4
5:00	FLINTSTONE KIDS	OFF AIR CH 13
6:30	WINNIE THE POOH	OFF AIR CH 13
7:30	THE REAL GHOSTBUSTERS	OFF AIR CH 13
8:30	SCOOBY DOO	OFF AIR CH 13
9:00	NCAA PRE-TOURNAMENT SPECIAL (PT.1)	OFF AIR CH 11
9:30	NCAA BASKETBALL BIG EAST SEMI-FINALS	OFF AIR CH 11
11:30	NCAA PRE-TOURNAMENT SPECIAL (PT.2)	OFF AIR CH 11
12:00	NCAA BASKETBALL BIG EAST SEMI-FINALS	OFF AIR CH 11
2:00	CARTOONS	-----
	WOMEN IN AK HISTORY (PSA #11)	-----
2:30	WONDERWORKS (THE LION, THE WITCH AND THE WARDROBE--PART 2 & 3)	-----
4:30	STAR TREK: THE NEXT GENERATION	-----
5:30	NATIONAL NEWS	OFF AIR CH 2
6:00	CHANNEL 2 NEWS	OFF AIR CH 2
6:30	* MR. BELVEDERE	-----
7:00	MAGICAL WORLD OF DISNEY	-----
8:00	HEARTBEAT	-----
	WOMEN IN AK HISTORY (PSA #11)	-----
9:00	* MACGYVER	-----
10:00	L. A. LAW	-----
11:00	MOVIE: PSYCHO III	-----
1:00	WHO'S THE BOSS	-----
1:30	SCHEDULES.....	-----
2:00	ALL-NIGHT PROGRAMMING	OFF AIR CH 4

*DISPLAY ALCOHOL DISCLAIMER

DEPT. OF ADMINISTRATION
DIV. OF TELECOMMUNICATIONS



RATNET COUNCIL
February 1989

- * Denotes Executive Council
- *ISAAC KAYUTAK, President
Box 764
Barrow, AK 99723
852-2070 (Msg. Phone)
852-4750 (H)
Inupiat Community
- *LINDA DAVIDOVICS, Vice President
c/o Maniilaq Assn.
Box 256
Kotzebue, AK 99752
442-3311 (W)
442-3711 (H)
Maniilaq Association
- *KAY SHEPHERD, Secretary
Box 727
Whittier, AK 99693
472-2350 (H)
Governor's Appointee
- TIM TOWARAK
Box 89
Unalakleet, AK 99684
624-3003 (H)
Kawerak, Inc.
- *RUSSELL NELSON
Box 161
Dillingham, AK 99576
842-5471 (Msg. Phone)
842-2370 (H)
Bristol Bay Native Assn.
- *HAROLD HOPPER
Box 245
Haines, AK 99827
766-2249
Governor's Appointee
- *PETER TWITCHELL
Box 703
Bethel, AK 99559
543-3131 (W)
543-3640 (H)
AVCP (Assn. of Village
Council Presidents)
- CHRIS GENE
Box 124
Gakona, AK 99586
822-3497
Copper River Native Assn.
- RHEA MAE KNAGIN
Box 265
Port Lions, AK 99550
454-2276 (H)
Kodiak Area Native Assn.

VELMA SCHAFFER Box 70 Huslia, AK 99746 829-2258 (H)	Tanana Chiefs Conference
NELLIE M. VALE Box 193 Yakutat, AK 99689 784-3423	Tlingit & Haida Indians
GARY HARRISON Box 1105 Chickaloon, AK 9974 745-7184 (H)	Cook Inlet Native Assn.
ARNOLD MELSHEIMER 722 Ocean View English Bay via Homer, AK 99603 281-2231	North Pacific Rim
DIMITRI PHILEMONOF c/o APIA 1689 C Street Anchorage, AK 99503 248-5341 (H) 276-2700 (W)	Aleutian/Pribilof Island Assn.
JERRY BRIGHAM c/o KYUK TV P.O. Box 468 Bethel, AK 99559 543-3131 (W)	Alaska Public Broadcasting
LOIS STIEGEMEIER Box F Juneau, AK 99811 465-2884 (W)	Dept. of Education
EDIE LYNCH ACC/K-102 2533 Providence Dr. Anchorage, AK 99508-4670 786-1990 (W)	UAA/ACC Instructional Telecommunications
<u>ALTERNATES:</u> Billie Benedict (Russell Nelson) Box 1011 Dillingham, AK 99576	Larry Sinyon (Chris Gene) Star Rt. Box 150 Gakona, AK 99586
Reggie Cleveland (L. Davidovics) General Delivery Shungnak, AK 99773 437-2168	Debbie Harris (Nellie Vale) P.O. Box 233 Yakutat, AK 784-3288/3233

Bonnie Eastburn (Gary Harrison)
c/o CINA
1569 S. Bragaw, Ste. 200
Anchorage, AK 99508

Margaret Galovin
(Dimitri Philemonof)
c/o APIA
1689 C Street
Anchorage, AK 99503

FORUM

State must take active role in rural TV programming

By DANIEL HOUSBERG

It is refreshing to see the state legislature is reviewing the merits of the Rural Alaska Television Network (RATNet.)

The review is taking place in light of dwindling revenues. However it is a review that should have been conducted in 1977 when RATNet was established, and every year thereafter. For the questions of state funded television go beyond the cost consideration.

I am in favor of maintaining RATNet. But to merely continue funding RATNet without considering how television fits into the lifestyle of rural Alaskans would be unwarranted.

Television is vital to rural Alaska. It can open new worlds for people who rarely travel beyond their isolated village. It can provide an immediate source of news and public effective learning aid. And, yes, TV can provide entertainment.

Television is a tool whose power is underestimated. It should not be dismissed solely as a source of benign entertainment. Its place in our society is too well-founded



ed to be ignored. In rural Alaska, the impact of television is amplified because of the lack of exposure to other forms of stimulation and resources.

However what television is, and what it could/should be are vastly different. The world portrayed on television is often discordant with the values and lifestyle of the Native community. Alaska Native culture is based on cooperation and sharing, values necessary to living in the Arctic. But television emphasizes competition and acquisitiveness. TV presents role models irrelevant to young Natives living in the Bush. And there is an absence of news and public affairs programming examining the issues important to Alaska's Natives, such as self determination or resource development.

RATNet perpetuates this destructive tendency by offering the lamest of programs to its viewers. Sports

and entertainment programs routinely take priority over worthwhile television. The one Alaska (Anchorage) produced, statewide "news" program is at best humorous, and at worst offensive to rural audiences. It doesn't begin to provide rural viewers with the information or analysis RATNet's viewers deserve.

The RATNet board will tell you they are providing what the viewer wants. This notion is based on surveys that are conducted haphazardly. In any case, what the viewer wants is not necessarily what the viewer needs. Most children will eat Twinkles instead of vegetables. The television audience has been fed a steady diet of junk food TV, and that's what it has become accustomed to. So long as the state is involved, it is RATNet's responsibility to provide what the audience needs along with what it wants.

It is vital for RATNet to provide programs that deal with Native issues and portray Native values and role models. Programs that discuss current events are also

important for rural audiences as the outside world continues to encroach on rural Alaska. Locally produced programs need to be encouraged, with funding if necessary.

Anchorage-based television needs to be sensitive to the issues facing rural Alaska. It cannot continue to ignore the Alaska outside of the urban areas. If necessary, it needs to tap new markets in order to fund this kind of programming. And of course, rural Alaskans need to be involved in production. As a spin off, urban Alaskans will be better served. Urban viewers are deprived of programs that accurately reflect contemporary Native/rural life, the heart of Alaska. It's ironic that television gives urban viewers an opportunity to see cultures around the world, but they rarely see programs about Native life in their own state.

The legislature made a big mistake in 1986 when it eliminated LearnAlaska (The educational counterpart to RATNet). I assume the intent was to combine the dual purposes of informing

and entertaining into the one present channel. This hasn't happened. Now that the debate regarding the world of state funded television has been opened again, there is a second chance for the state to take an active role in ensuring RATNet provides informative and educational programming.

A structure should be created whereby RATNet may benefit from the revenues generated from advertisements contained in advertising space. The money generated should be made available to production facilities to produce rural oriented programming.

More funding should be made available to the rural production facilities already in operation. Some of the funding could be channeled through the Department of Education. (A student may spend six hours in a classroom, but that student easily spends six hours in front of the tube.)

The state, through the Department of Education and other educational institutions, should exercise more control over the RATNet board to ensure responsible

decisions are being made. And at the very least, more public broadcasting programs should be aired. Both of these measures would cost nothing.

I am perhaps naive to think that the legislature or RATNet would choose to pre-empt "As the World Turns" for the "World Report" or "Hooperman" for MacNeil/Lehrer. That would really wake up the viewers. And why risk that while they are passively sleeping in front of the tube? What I'm hoping for is a change of consciousness.

The considerations of television in rural Alaska go beyond the funding and political issues. We all need to become active, rather than passive viewers. We need to recognize the power of television and use that power to better ourselves and our community.

Daniel Housberg has been producing television programs in Alaska since 1980. Four of those years were spent in Kotzebue. His programs have aired on national and Alaska television, including the Rural Alaska Television Network.

Lawmakers debate funding of rural TV

By LARRY PERSILY
Associated Press

JUNEAU — The state spends \$2.6 million a year beaming television to 248 communities, but some lawmakers are unconvinced that broadcasting "Miami Vice" is an essential service of state government.

"I don't see entertainment as an essential function," Rep. Kay Brown, D-Anchorage, said Thursday.

"If we maintain it, I think it would be appropriate to shift its focus to more educational," Brown said.

The House Finance Subcom-



Rep. Kay Brown

Rep. Randy Phillips

Rep. Fran Ulmer

Rep. 'Red' Boucher

mittee on the Department of Administration budget started its review this week of state funding for the Rural Alaska Television Network, known as RATNET.

Subcommittee Chairwoman

Rep. Fran Ulmer said she is not prepared to recommend RATNET's closure, but added that she "may reach that point."

"We've got lots of problems in the villages. There's a lot of vio-

lence on TV. Maybe you could take away 'Miami Vice' and maybe there'd be fewer problems in the villages," the Juneau Democrat said.

Many people believe that the overuse of TV is detrimental to children and detracts from their time with family, friends and school work, Brown said.

"It's not really a good way to develop the mind," she said.

Despite the debate between entertainment and educational TV, rural lawmakers don't want to pull the plug on the channel.

"I think that it is essential ser-

See TV, page A-8

Fr
ANC. TIMES
3/17/89

TV: State debates funding for transmitting 'Miami Vice'

Continued from page A-1

vice," said Rep. Lyman Hoffman, D-Bethel. Many social problems in rural Alaska are caused by a lack of activities, and TV helps fill that void, he said.

Sen. John Binkley, R-Bethel, said the network is the only source of news for many villages, and he favors changing the network's schedule to include more educational shows.

Most of the 18-hour-a-day programming on RATNET is commercial TV, picked up from the

three networks and independent stations and transmitted by satellite to earth stations across the state.

Movies, sports, soap operas and comedies are joined for less than 10 hours a week by "Sesame Street," "Mister Rogers" and "National Geographic."

Nightly statewide news programs and national network news shows also are carried on the channel.

The entertainment value is important to consider, Binkley said. "We don't have swimming pools or hockey rinks that many of the people in larger urban

communities take for granted every day."

The news value is important in many villages that don't have the luxury of cable or even radio, Hoffman said.

Cancelling RATNET would add to rural Alaska's social problems, he said.

"Everyone acknowledges that there are serious problems in rural Alaska with soaring alcoholism and suicide rates," he said. "By eliminating RATNET, you're going to further aggravate the situation" by depriving people of an alternative to drinking and drugs.

Hoffman serves as co-chairman of the House Finance Committee, and any proposal to cut or change RATNET would have to move through his chambers.

Brown serves with Ulmer and Reps. Red Boucher and Randy Phillips on the subcommittee looking at state-funded TV.

The channel went on the air in 1977 and its schedule is determined by a 17-member citizens board, said Sioux Plummer, acting director of the state Telecommunications Division.

The program's \$2.8 million budget pays for satellite time, earth station leases and admin-

istrative costs, Plummer said.

The citizens board includes representatives from 12 regional native corporations, the University of Alaska, public broadcasting, state Education Department and two members appointed by the governor.

If the channel is continued, user fees could be collected to help cover the costs, Ulmer and Brown suggested.

An annual charge of \$30 per household would cover much of the channel's operating expenses and would be appropriate if people continue to enjoy commer-

cial TV at state expense, Ulmer said.

"That would not be a viable option," Hoffman said. Many rural Alaskans lead subsistence lifestyles, and their limited cash goes toward heat and other essential utilities, he said.

Gov. Steve Cowper two years ago recommended dropping RATNET from the air, but lawmakers rejected the money-saving proposal.

This year the governor has taken no position on funding for the state channel, Cowper spokesman David Ramsaur said.

Is it education or just entertainment?

Budget-wary lawmakers take up question of rural TV channel



APC photo

Lawmakers are wondering if Crockett and Tuble belong on state-funded TV.

By LARRY PERSILY
The Associated Press

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Subcommittee Chairwoman Rep. Fran Ulmer said she is not prepared to recommend RATNET's closure, but added that she "may reach that point."

"We've got lots of problems in the villages. There's a lot of violence on TV. Maybe you could take away 'Miami Vice' and maybe there'd be fewer problems in the villages," the Juneau Democrat said.

Despite the debate between entertainment and educational TV, rural lawmakers don't want to pull the plug on the channel.

"I think that it is essential service,"

said Rep. Lyman Hoffman, D-Bethel. Many social problems in rural Alaska are caused by a lack of activities, and TV helps fill that void, he said.

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From :

ANC DAILY NEWS

3/17/59



Alaska State Legislature

Please enter into the record my testimony to the House Health, Education & Social Services
 committee on DNCR 18 committee name
 committee on HB 33, 198, 203, 231, 257, 252 dated 3-31-89
 bill/subject

It amazes me that our legislature can come to us requesting our input on how we would cut necessary services to our people and then turn around and giving one of our biggest industries an unrec. carry Tax Credit. What types of services will be cut from the budget when the fishing industry takes advantage of this tax credit? I hope it will only come out of the Fish & Game budgets. It is my feeling that if budget cuts are going to be necessary, H.B. 33 should be scraped. At least until we come on better Times.

See attached sheets.

Signed: Darryl Trigg Darryl Trigg
 Testifier Nome Eskimo Community
 Representing (Optional) Nome Eskimo Community
P.O. Box 401, Nome, ALASKA 99762
 Address 443-2246
 Phone No. (907) 443-2246

TESTIMONY RE: HB's 198, 203, 231, 251, 252

In regards to HB 198, I feel it is a good bill, but needs under Section 1 an additional sub paragraph that states: -

"(5) For not having a sufficient number of their students passing a test admitting them to the next higher grade."

Section 2 should read "The amendment to AS 14.20.175 made by sec. 1 of this Act, applies to all Teachers and administrators hired by a school district prior to and after the effective date of this act.

Subparagraph (5) is suggested because we feel that too many of our students are "socially" rather than "academically" promoted into higher grades. The Nome school district has many high school level students who still are only capable of reading at 3-7 grade levels.

The only problem I see with H.B. 203, is that it does not address non-degraded bilingual Teachers. It is my feeling that they are gross unrecognized and often under paid.

(3)

HCR 19, is, in my opinion, a work of Art with the exception of the last "be it further resolved." This should be an ongoing action.

H.B. 231 is long over due. It is our feeling that Section 14.03.015, sub paragraph (3) (d) should include in each grade level, "Entrance and Exit" exams that show our students have actually achieved the academic skills necessary to advance to the next grade level.

HB 252

It is the feeling of Nome Eskimo Community that should it become necessary to institute an income tax, that the Longevity Bonus, Property Tax exemptions and the State Dividend check be exempt from taxation. In other words, that income taxes only be levied on earned income and/or wages. We feel that many dollars could be shaved from the budget if the Legislature would study the state hierarchy's and delete all or most of the "pork barrel" positions and administrative costs that were created in times of plenty. Nome Eskimo Community requests that all other sources of revenue and budget cuts be reviewed before an Income Tax is initiated.

We here at Nome Eskimo Community feel that H.B. 252 is supportable and would like to see it + Educational Programs replace (6)

the uneducational "soap" programs.

Alaska State Legislature

Please enter into the record my testimony to the House Health Education and Social Services
 committee name
 committee on HB251, HCR18, HB231, HB203, dated March 31, 1989
 bill/subject

Kawerak Incorporated is supportive of HB 136 with some minor technical amendments. We agree that the Governor should appoint the members of the Rural Alaska Television Network Council. We would like to see language included in the bill which directs that the membership of the Council includes at least one member from each of the twelve regions established pursuant to ANCSA. This will ensure the Council maintains a statewide as opposed to a special interest perspective. We urge continued funding of the RATNET system.

In reference to HB 251. We support requiring additional educational programming on RATNET as long as the programming is selected by the RATNET Council. Key to this whole issue is what constitutes educational programming. In example, we consider statewide news and weather to be educational programming. If the effect of the amendment is to mandate that 50% of air time be turned over to the Department of Education to use as they see fit, we oppose this bill. We understand that the RATNET council does not receive many requests for additional educational programming. Currently the hours of 2 - 6 am are reserved for educational materials on the RATNET system. If individuals are interested in a particular subject or class, the session can be videotaped by the students or teachers for later viewing. This committee may wish to consider increasing the number of strictly instructional hours as opposing to increasing the number of educational hours.

We would also like to state that we are wholly supportive of HCR 18, HB 203 and HB 231. These three bills will help ensure the residents and children of Alaska receive a quality education.

Thank you for this opportunity to provide input.

Signed: *L. Bullard* *Loretta Bullard*
 Testifier

Kawerak Incorporated, PO Box 948 Nome AK 99762
 Representing (Optional)

Address

443-5231

Phone No.

cc: Richard Foster, Eileen MacLean

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. HESS 4-12-89

H. HESS 4-11-89

H B

2 7 4

3

HOUSE COMMITTEE REPORT

3/13

(7)
Date Referred: April 7, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 3/12/90

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 374

HOUSE BILL NO. 274 [MEDICAID PAYMENT FOR PSYCHOLOGISTS]
"An Act relating to psychologists' services under the state medical assistance program; and reordering the priorities for eliminating coverage under Medicaid."

RECOMMENDATIONS:

[X] be replaced with CSHB 274 (HESS) [X] the same title
 [] have attached amendment(s) [] a new title

[] do pass
 [] do not pass
 [X] no recommendation
 [] individual recommendations
 [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

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

[X] fiscal impact DHSS ✓ [] fiscal note(s) _____
 [] zero fiscal note _____ [] zero fiscal note(s) _____
 [] zero with analysis _____ [] zero fn/analysis _____

SIGNING/DO PASS:		SIGNING:		Do Not Pass	No Rec	Amend
		(Check approp. column)				
<u>[Signature]</u>	<u>ELLIS</u>	<u>[Signature]</u>	<u>FURNACE</u>	X		
<u>[Signature]</u>	<u>BOYER</u>	<u>[Signature]</u>	<u>C. DAVIS</u>	X		
		<u>[Signature]</u>	<u>JACKO</u>	X		
		<u>[Signature]</u>	<u>GOLL</u>	X		

[Signature]
 Chairman's Signature

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 274 (HESS) (3/9/90)

Page 1, line 18:

Delete "psychologists' services"

Insert "services of a clinical psychologist licensed by the Board of Psychologist and Psychological Associate Examiners"

Page 2, line 7:

Delete "psychologists' services"

Insert "services of a clinical psychologist licensed by the Board of Psychologist and Psychological Associate Examiners"

*clinical services of a psychologist
licensed by the Board of Psych*



Alaska State Legislature

Please enter into the record my testimony to the House HESS
 committee name
 committee on CSHB 274, dated 3/5/80
 bill/subject

I ask that this testimony be entered in the
 rec. l. The addition of psychologist services under
 the state medical assistance program likely
 will help make available the mental health
 services of licensed professionals to parts
 of the state and at levels not presently
 served or underserved. The Alaska Mental
 Health Board has supported enhanced
 availability of professional mental health
 services. While not the greatest unmet
 need in the state mental health program,
 enhanced availability of psychologist services
 is consistent with recommendations of the
 Mental Health Board.

Signed: [Signature] Exec Director

Testifier

Alaska Mental Health Board
 Representing (Optional)

419 Cth St, Suite 121, Anchorage 99501
 Address

415-3071
 Phone No.

ALASKA
PSYCHOLOGICAL
ASSOCIATION

550 East Tudor Road Suite 201, Anchorage, Alaska 99503

(907) 563-8497 FAX (907) 561-6679

Testimony given at House HESS Committee

February 14, 1990

Representative Johnny Ellis
Po Box V
Juneau, Alaska 99811

Representative Ellis and members of the House Educational Social Services Committee:

Thank you for taking the time to hear House Bill 274 providing for the inclusion of all Licensed providers of psychological services to be included under the State of Alaska Medicaid program.

My name is Margit Gorton, Ph.D., Licensed Clinical Psychologist, Unit Manager, Intake & Emergency Service Unit, Past President and the present Grass-roots Co-ordinator and Legislative Affairs Officer of the Alaska Psychological Association.

Currently, medicaid recipients can only receive psychological services through community mental health centers which are already heavily subsidized through State funds. As a rule, private psychologists are denied access to the medicaid system while government subsidized clinics maintain a monopoly.

Issue: Alaska Psychologists, although licensed by the State of Alaska, are omitted from the statutes which determine the type of care allowed by and covered under the Medicaid program.

The Alaska Psychological Association's position is to propose changes in the current statutes to allow Medicaid patients to receive psychological services with consumer choice regarding the licensed provider of the service.

Current statutes create a situation which:

- 1.) Discriminates against the needy and those in remote locations;
- 2.) Is more costly to the Medicaid system;

- 3.) Limits the quality of care available to all Alaskans;
4.) Results in a restraint of trade.

The proposed changes would correct this situation and allow psychologists to receive compensation for services provided to Medicaid patients. Currently, a number of psychologists provide needed care to Medicaid patients without compensation, or they are forced to resort to the courts in legal action against agencies of the State of Alaska to receive compensation. It is currently the practice of the Alaska Attorney General's office to settle such suits out of court when possible. Many psychologists feel that reasonable changes in the statutes by the legislature are the only recourse left to them, short of joining the growing number of costly and time-consuming suits. They have elected to pursue these changes through their professional Association.

The Federal Medicaid program allows the various states to determine eligibility and types of care covered by the program.

A variety of other professional health services are provided for under Alaska statutes pertaining to Medicaid. These include optometrists, physical therapist, nurse midwives, physicians and others.

A growing number of states, currently about 30 of 50 provide for Medicaid recipients to receive independent psychological services.

People covered by private insurance and even employees of the State of Alaska covered by Alaska's employee health care plans are able to receive the services of an independent psychologist.

However, Alaskans who are Medicaid recipients may not choose freely between equally qualified providers. They are also denied equal access to treatment by care providers offering non-drug approaches. For the record I would like to make a couple of additional comments.

1. Providers: Psychologists are licensed and regulated through statute as administered by the Division of Occupational Licensing. Psychologists have completed a four year doctoral program in psychology, a one year internship, and one year of directly supervised post-doctoral experience. We are well qualified to diagnose and treat behavioral and emotional disorders using psychological procedures and techniques.

2. cost-effectiveness of psychological services. An estimated 60% of visits to medical doctors are made by the "worried well" who have no identifiable physical illness. It comes as no surprise that valium has enjoyed the limelight as being the most commonly prescribed drug in America for several years.

Even brief psychotherapeutic intervention can reduce the overutilization of medical services by 37% (Cummings research in Hawaii) resulting in tremendous savings within the health care system.

3. Psychology within Medicaid. In January, 1984 an Intergovernmental Health Policy Project published by George Washington University indicated that half of the states allowed direct payment to private psychologists under the medicaid program, currently that number has grown to about 30 states.

Research completed in Hawaii suggests that about 9% of the people enrolled in the medicaid program make use of their mental health services. When psychologists are enrolled as direct providers, there is no indication that more medicaid recipients chose to seek mental health services.

Furthermore, it should be noted that the United States Congress passed a similar bill for the inclusions of psychologists under Medicare, during it's 1989 session. This bill has been signed into law by President Bush and allows psychologists to receive medicare payments as independent practitioners without supervision of any kind.

The Alaska Psychological Association hopes that Alaska will join the majority of the other states in the Union who already include psychologists as providers under Medicaid. Psychologists are properly trained and licensed to provide psychological services as defined by state law. Inclusion of psychologists under the Medicaid program will allow psychologists to practice on a compassionate care basis rather than discriminating against the economically less fortunate citizens of our state.

Sincerely,

Margit Gorton, Ph.D.
Past President,
Alaska Psychological Association
Licensed Clinical Psychologist
Unit Manager

CC: Sharon Macklin

MG/khw

FISCAL NOTE

REQUEST:

Revision Date: 2/13/90
Title: An Act Relating to Psychologists' Services
Sponsor: House HESS Committee
Requestor: _____

Agency Affected: Health and Social Services
BRU: Medical Assistance
Medical Assistance Administration
Components: Medicaid Non-Facility
Claims Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	61.2	71.4	81.8	93.7	107.4	123.1
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	291.2	703.8	862.6	1,049.8	1,277.6	1,554.9
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	352.4	780.2	944.4	1,143.5	1,385.0	1,678.0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	168.4	372.2	451.7	548.3	665.6	803.2
FEDERAL FUNDS	184.0	408.0	492.7	595.2	719.4	869.8
OTHER	0	0	0	0	0	0
TOTAL	352.4	780.2	944.4	1,143.5	1,385.0	1,678.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See attached analysis. As published, HB No. 274 has no effective date. The starting date of the addition of psychologists' services to the Medicaid Program is assumed to be January 1, 1991.

Prepared by: Kimberly B. Busen Phone: 465-3355
Division: Division of Medical Assistance Date: 2-13-90

Approved by Commissioner: Maria M. Peterson Date: 2-10-90
Agency: Department of Health and Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

House Bill No. 274
Fiscal Note Attachment
Cost Analysis for Psychologists' Services

I. Contractual Costs

- a. The Alaska Medical Payments System will require modification to pay psychologists as a new service. The contractual costs include the following: provider manuals, training, a new claims form, tables included in the system for psychologists' services, computer programming, computer reports, the addition of collocation codes, the provision of notice to providers, provider relations, and a computer system test. This is a one-time FY91 cost of 30.0. (15.0 FED, 15.0 SGFM)
- b. The Division of Medical Assistance must pay the claims processing contractor \$6.23 for each claim processed. Estimated claims volume for FY91 is 5,000, assuming a January 1, 1991 start date. FY91 processing costs = 31.2. All costs of claims processing are 75% FED, 25% SGFM.

II. New Grants/Claims Costs

- a. There is no accurate method for determining the numbers of Medicaid eligibles who will use this new coverage, the numbers of providers who will choose to enroll, and the initial costs per type of service that they will provide. Cost estimates are based on the following assumptions:
 - (1) 50 psychologists will enroll as providers in the first year.
 - (2) Approximately 24 of these new providers are currently providing services indirectly, supervised by and/or billing through a physician or psychiatrist. About half of these are billing Medicaid at a rate 15% lower than the rate charged by psychiatrists. Payments to the 12 now billing at the higher rate will be reduced by \$14,400 (15% reduction X \$8,000 current average psychiatrist's Medicaid billing per year, X 12 psychologists = \$14,400 Medicaid savings).
 - (3) Logic suggests that billings from physicians and psychiatrists who supervise the psychologists now providing services to Medicaid eligibles would decrease if these psychologists were to enroll directly. However, experience in other states that have added psychologists' services has varied so much on this point that we cannot safely assume any decrease in current billings.
 - (4) Approximately 26 psychologists in private practice who are not currently serving Medicaid recipients will enroll. Alaska Psychological Association data indicates these new providers will see an average of 21 patients per week for a total of 34 hours per week, and that they charge \$90 per hour for private sessions.

(5) We assume that psychologists will not differ from other medical professionals enrolled as Medicaid providers, in that Medicaid patients will, on average, not exceed 15% of their total patient load. Cost for new providers will be 34 hours per week X \$90/hour X 15% X 50 weeks/year X 26 psychologists = \$596,700.

(6) \$596,700 new costs minus \$14,400 savings = \$582,300 net costs for a full year of psychologists' services. The time required for data system changes, promulgation of regulations, and provider enrollment activities necessitate a starting date no earlier than January 1, 1991. FY91 costs will therefore be 50% of a full year:

145.6	SGFM
145.6	FED
<u>291.2</u>	Total

(b) Costs for FY92 through FY96 are computed from the FY90 base estimate, adjusted for a full year, and increased annually by 21.7% (7.1% for price increases, 4.2% for increases in the number of eligible recipients, and 10.4% for utilization increases).

Claims processing costs are billed at \$6.23 per claim. For FY92 through FY96, FY91 costs, adjusted for a full year, are increased by 14.6% annually (4.2% for increases in the number of eligible recipients, and 10.4% for utilization increases).

FACT SHEET

COST EFFECTIVENESS AND UTILIZATION OF PSYCHOLOGICAL SERVICES

- THE USE OF MEDICAL SERVICES DECREASES WHEN APPROPRIATE MENTAL HEALTH SERVICES ARE PROVIDED. NUMEROUS STUDIES SHOW A DECREASE FROM 5 TO 80 PERCENT IN MEDICAL SERVICE USE FOLLOWING MENTAL HEALTH TREATMENT. THIS "OFFSET" EFFECT HAS BEEN DOCUMENTED WITH A VARIETY OF PATIENTS IN HMO'S AND IN FEE-FOR-SERVICE SETTINGS. (Jones, O.F., & Vischi, T. (1979). Impact of alcohol, drug abuse, and mental health treatment on medical care utilization: A review of the literature. Medical Care Supplement, 17.)
- PRELIMINARY DATA FROM A PILOT PROJECT IN HAWAII PROJECTS THAT A 37% REDUCTION IN MEDICAL USE WILL RESULT FROM EVEN BRIEF PSYCHOTHERAPEUTIC INTERVENTION. THE AUTHOR CONCLUDES THAT PREPAID SYSTEMS WILL NOT CONTAIN COSTS UNTIL THE ESTIMATED 60% OF DOCTOR VISITS BY THE "WORRIED WELL" ARE ADDRESSED. (Cummings, N.A. (1985, May). Saving Health Care Dollars Through Psychological Services.)
- BY VIEWING PSYCHOLOGISTS AS HEALTH CARE PROFESSIONALS, THEY MAY BECOME INSTRUMENTAL IN REDUCING PATIENTS' PSYCHOLOGICAL STRESS LEVELS AND ACCOMPANYING MEDICAL COMPLAINTS. MENTAL HEALTH SERVICES COMBINED WITH TREATMENT FOR PHYSICAL DISORDERS RESULTS IN DECREASED HOSPITAL COSTS AT LEAST EQUAL TO THE COST OF THE MENTAL HEALTH SERVICES. A STUDY OF PERSONS WITH SEVERAL CHRONIC DISEASES SHOWED THAT THE USE OF MENTAL HEALTH SERVICES "IMPROVES THE QUALITY AND APPROPRIATENESS OF CARE AND ALSO LOWERS COSTS OF PROVIDING IT." (Schlesinger, H.J., Mumford, E., Glass, G.V., Patrick, C., & Sharfstein, S. (1983). Mental health treatment and medical care utilization in a fee-for-service system: Outpatient mental health treatment following the onset of a chronic disease. American Journal of Mental Health, 73, 422-429.; Jacobs, D.F. (1983, December). Toward a formula for professional survival in troubled times. Public Service Psychology, December 1983.)
- A REVIEW OF 13 STUDIES THAT USED POST-SURGERY OR POST-HEART ATTACK HOSPITAL DAYS AS OUTCOME INDICATORS SHOWED THAT PSYCHOLOGICAL INTERVENTION REDUCED HOSPITALIZATION BY APPROXIMATELY TWO DAYS. (Mumford, E., Schlesinger, H.J., & Glass, G.V. (1982). The effects of psychological intervention on recovery from surgery and heart attacks: A review of the literature. American Journal of Public Health, 72, 141-151.)
- CONTRARY TO THE ARGUMENT THAT INCREASED MENTAL HEALTH BENEFITS AND ACCESS TO OTHER MENTAL HEALTH CARE PROVIDERS WOULD LEAD TO AN EXCESSIVE INCREASE IN UTILIZATION OF MENTAL HEALTH CARE SERVICES, DEMAND FOR MENTAL HEALTH SERVICES WOULD NOT RISE DRAMATICALLY WITH INCREASES IN INSURANCE COVERAGE. A STUDY FROM THE PAID CORPORATION SHOWED ONLY 9% OF THOSE WITH GENEROUS MENTAL HEALTH COVERAGE SOUGHT TREATMENT. (Wells, K.B., Manning, W.G., Duan, N., Ware, J.E., & Newhouse, J.P. (1982). Cost sharing and the demand for ambulatory mental health services. (Report No. R-2960-HHS). Washington, DC: U.S. Department of Health and Human Services.)

- MENTAL HEALTH HOSPITALIZATION ACCOUNTS FOR OVER 70% OF MENTAL HEALTH DOLLARS AND FOR 25% OF ALL HOSPITAL DAYS IN THE UNITED STATES. THERE ARE NOW ALTERNATIVE TREATMENT PLANS THAT ARE MORE EFFECTIVE AND LESS EXPENSIVE THAN HOSPITALIZATION. (Kiesler, C.A. (1982). Public and professional myths about mental hospitalization: An empirical reassessment of policy-related beliefs. American Psychologist, 37, 1323-1339).
- THE USE OF PSYCHOLOGISTS HAS A "SUBSTITUTION EFFECT" ON THE MENTAL HEALTH SERVICE OF PSYCHIATRISTS AND PHYSICIANS IN THE MENTAL HEALTH CARE AREA, AND, AS A RESULT, TOTAL COSTS ARE REDISTRIBUTED (APA Monitor, January 1984). IN STATES WITH FREEDOM-OF-CHOICE LAWS (FOC), FEES FOR PSYCHIATRISTS AND PSYCHOLOGISTS ARE BETWEEN 8.3% AND 9.5% LOWER THAN IN STATES WITHOUT THESE LAWS (Frank, 1982). FURTHER UNDER FOC LAWS THERE WERE MORE VISITS TO PSYCHOLOGISTS THAN TO PSYCHIATRISTS. (Dorke, 1985).
- A SURVEY OF USE AND EXPENDITURES FOR AMBULATORY MENTAL HEALTH SERVICES IN 1980 REVEALED: 4.3% OF THE POPULATION HAD ONE OR MORE MENTAL HEALTH VISITS; EXPENDITURES AVERAGED \$253 PER PERSON AND \$11 PER CAPITA; THE AVERAGE NUMBER OF MENTAL HEALTH VISITS WAS 8.2 PER CALENDAR YEAR (ranging from 10.9 and 12.5 for office visits to 5.3 and 4.4 for organized setting visits); MORE THAN 95% OF THE POPULATION HAD NO EXPENDITURES. ALMOST 48.8% OF THOSE USING MENTAL HEALTH SERVICES HAVE LESS THAN THREE VISITS WHILE 9.8% OF THE USERS HAVE 25 VISITS OR MORE (Taube, C.A., Kessler, L., and Feuerberg, M.: Utilization and expenditures for ambulatory mental health care during 1980. National Medical Care Utilization and Expenditure Survey Data, report No. 5. National Center for Health Statistics. Public Health Service. Washington, D.C., U.S. GPO, June 1984).
- FEARS OF OVERUTILIZATION AND RUNAWAY COSTS FOR MENTAL HEALTH ARE UNFOUNDED. YEARS OF RESEARCH SHOW THAT ONLY A SMALL PROPORTION OF DISORDERED INDIVIDUALS USE OUTPATIENT MENTAL HEALTH BENEFITS; THE NUMBER OF VISITS IS GENERALLY LOW, PARTICULARLY WHEN CONTROLLED BY COPAYMENTS OR DEDUCTIBLES; EXPENDITURES FOR MENTAL HEALTH SERVICES ARE NOT DISPROPORTIONATE TO OTHER HEALTH CARE SERVICES.
- AS MORE NON-PHYSICIAN PROVIDERS ENTER THE MENTAL HEALTH FIELD, THE EFFECT ON PHYSICIANS MAY BE TO EXPAND THEIR SERVICES OR LOWER THEIR PRICES, CONCENTRATE ON PROCEDURES FOR WHICH THEIR TRAINING IS MORE VALUABLE, AND TO UTILIZE THEIR OWN RESOURCES MORE EFFICIENTLY, THEREBY LOWERING COSTS. (Bailey, Commissioner of the Federal Trade Commission, 1983).
- DATA SHOW THAT OUTPATIENT MENTAL HEALTH TREATMENT OFFSETS MEDICAL COSTS. COST-OFFSET IS PARTICULARLY APPARENT IN THE REDUCTION OF INPATIENT SERVICES. OLDER PEOPLE APPEARED TO RECEIVE THE GREATEST COST-SAVINGS BENEFIT. FOLLOWING MENTAL HEALTH TREATMENT THE AVERAGE 8.7 DAY INPATIENT HOSPITALIZATION WAS REDUCED BY 1.5 DAYS. (Munford, E., Schlesinger, H.J., Glass, G.V., Patrick, C., & Guerdon, B.A. (1984). A new look at evidence about reduced cost of medical utilization following mental health treatment. American Journal of Psychiatry, 141, 1145-1158.

POSITION PAPER
House Bill No. 274

"An Act relating to psychologists' services under the state medical assistance program; and reordering the priorities for eliminating coverage under Medicaid."

This Act would amend AS 47.07.030(b) to add psychologists' services to the services available for needy persons who are eligible for Medicaid, and it would amend AS 47.07.035 to place this new coverage tenth in the priority listing of all optional Medicaid services authorized by the Legislature for Alaska.

Currently, there are 115 licensed psychologists in Alaska, all of whom would be eligible to enroll as Medicaid providers were House Bill No. 274 to pass. A substantial number of these psychologists are already providing services to Medicaid recipients, and indirectly receiving Medicaid payments, in work settings such as physicians' clinics or community mental health clinics where they are supervised by a physician or psychiatrist who is enrolled.

The Division of Medical Assistance has long believed that this situation is far from ideal, for these reasons:

- (1) The Division has no evidence that the supervision requirement generally results in more effective, higher-quality care. However, there is a strong conviction, here and in other states' Medicaid agencies, that supervision increases the cost of care.

Many states have specified exactly how much and what types of supervision are required, but as a practical matter, there is no cost-effective way to enforce such rules, and there is considerable disagreement over whether such rules do in fact result in any measurable improvement in the care provided. Federal Medicaid rules allow for any type of M.D. to be a supervisor, so it's frequently the case that a general practitioner, who may or may not have any formal training in psychology, is being paid to consult with and guide a certified mental health professional. This may be helpful in cases in which a person's mental problems are caused by or accompanied by physical problems, but in many cases, the only advantage in such a relationship is a financial one to the doctor, resulting in an unnecessary cost to the taxpayer.

- (2) Not only does the Division pay physicians for supervisory duties that may or may not enhance the quality of care, the "screening" effect in clinical settings which result from the supervision requirement means that Medicaid pays for services that are actually provided by any licensed person the supervisor deems appropriate. This means that Medicaid pays the rate appropriate for a psychiatrist/M.D., but the patient often gets

services from someone whose credentials would justify a lower rate.

House Bill No. 274 would enable the Division to directly enroll psychologists, which would allow the Division to better measure, monitor, and control the use and costs of psychologists' services. House Bill No. 274 offers a good possibility of slightly lowering the costs per unit of services without decreasing the quality of the service.

From the provider's point of view, adding psychologists' services to Alaska's Medicaid Program would create equity between psychologists who practice independently and those who practice under the supervision of a physician or in a community mental health clinic.

From the Medicaid recipient's point of view, adding psychologists' services would make it easier to obtain care because it would increase the number of Alaska providers offering this service. It would also make it easier for them to directly access the person who gives them care, as they would no longer have to pass through a physician's examination or a clinic's screening process.

Position:

From the Department's perspective, House Bill No. 274 is a highly desirable bill that provides a simple solution to a long-standing and growing problem. The only objection we believe could be raised to House Bill No. 274 is that it will result in new providers enrolling in Medicaid, which in turn means that more recipients may use these provider's services, which may increase the program costs. These costs are detailed in the Department's Fiscal Note. However, these same cost increases appear to be occurring to some degree already, and House Bill No. 274 would give us the administrative structure in which we could measure and control them.

The Department supports the passage of House Bill No. 29.

Recommended By: Kim Busch
Kim Busch, Director
Division of Medical Assistance

Date: 2-13-90

Approved By: Myra M. Munson
Myra M. Munson, Commissioner
Department of Health and
Social Services

Date: 2-14-90

REC'D JAN 23 1990

STEVE COWPER, GOVERNOR

STATE OF ALASKA
DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

January 23, 1990

REPLY TO:

1031 W 4th AVENUE SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550
FAX: (907) 276-3697

1st NATIONAL CENTER
100 CUSHMAN ST. SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 452-1568
FAX: (907) 456-1317

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295

465-3603

*JW
HB274
will file in HESS
Committee*

The Honorable Johnny Ellis
Alaska House of Representatives
P.O. Box V
Juneau, Alaska 99811

Re: Out-of-court settlement in the
medicaid program
Our file: 223-88-0338

Dear Representative Ellis:

Your letter of January 12, 1990, to the attorney general was referred to me for response. I am an assistant attorney general and I represent the Division of Medical Assistance.

You have requested information regarding out-of-court settlements by the State of Alaska and licensed psychologists to allow the psychologists to bill for medicaid for their services.

I have searched my files and I have found two settlements which are related to your requests. The settlements, though, concern clinics offering services of licensed psychologists and other mental health providers, under a physician's supervision. I found no settlements that enrolled licensed private psychologists independently of a clinic relationship. Indeed, such settlements would not be possible under AS 47.07.030, as private psychologists are not a selected medicaid optional service.

The two settlements are as follows:

1. Family Counseling Services v. Department of Health and Social Services, IKI-88-134 Civil. The complaint in this case was filed by a privately owned and operated psychological counseling service contesting its denial as a provider able to bill under the medicaid program. The complaint was filed on February 26, 1988. The case was settled on May 16, 1988. (See attached settlement documents, Exhibit A.) The complaint alleged

violation of federal statute, federal regulations, and state equal protection. As part of this agreement the department agreed to enroll Family Counseling Services as a medicaid provider, retroactive to January 1, 1987.

The settlement agreement initially had a nondisclosure term. The Alaska Supreme Court recently ruled in another case that such agreements are discoverable from public agencies. I alerted Family Counseling and received its agreement to release this document. (Exhibit B.)

The costs for the Office of the Attorney General to litigate the case and negotiate the settlement were \$346.70, as all services were done by "in-house" attorneys. Each side agreed to bear its own attorneys fees and costs. If you need the amount of direct medicaid billings for services to clients paid by the Department of Health and Social Services, such information is available by contacting Gordon Landes, Division of Medical Assistance at 463-3355. I do not have ready access to this information. */

The case was settled because it was in the best interest of the state to do so, given the costs of litigation, potential exposure, lack of precedence of the settlement agreement, and that the division could lawfully enroll the plaintiff as a clinic under the medicaid program.

2. Paul L. Craig v. Department of Health and Social Services of the State of Alaska, JAN-89-6308 Civil. The complaint in this case was filed on August 1, 1989. The complaint alleged that Dr. Craig was being denied medicaid provider status allegedly in violation of federal statute, state and federal constitution.

On September 25, 1989, settlement was reached in this case. (See Exhibit C.) By the settlement, the department agreed to enroll the plaintiff as a medicaid provider of clinic services under the direction of a physician beginning September 25, 1989.

*/ Since the medicaid recipient generally has free choice of providers, the medicaid recipient could have gone to another provider to receive the same services, if the plaintiff had not been enrolled by the settlement agreement. As such, it is difficult to estimate the additional costs to the program by allowing a new provider to offer services that could be obtained from already-enrolled psychiatrists and clinics.

The Honorable Johnny Ellis
Alaska House of Representatives
Our file: 223-88-0338

January 23, 1990
Page 3

Dr. Craig was not enrolled as a private psychologist, as private psychologists are not presently enrolled in the medicaid program. Dr. Craig waived any claims for billings for eligible medicaid services provided prior to the settlement date. The state agreed to pay \$5,000 in attorneys fees and costs to Dr. Craig. (See Exhibit D.) The case was handled by "in-house" attorneys. The state attorneys used 12.50 hours (valued at \$962.50) in reaching the settlement and handling other matters related to the case. The exact amount of medicaid monies receiving to date by Dr. Craig can be obtained by contacting Gordon Landes (465-3355) of the Department of Health and Social Services, who has access to the accounting records.

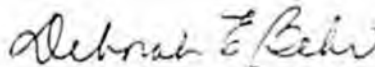
The case was settled because it was in the best interests of the state to do so, given the costs of litigation, the lack of precedent nature of the agreement, the potential exposure and that the Department of Health and Social Services could lawfully pay for Dr. Craig's services under the supervision of a physician as a clinic under the medicaid program.

If you need further information, please let me know.

Sincerely yours,

DOUGLAS B. BAILY
ATTORNEY GENERAL

By:



Deborah E. Behr
Assistant Attorney General

DEB:jh

Enclosures

cc: Honorable Myra Munson
Commissioner
Department of Health and Social Services

Kim Busch, Director
Division of Medical Assistance

Jeffrey Bush
Assistant Attorney General

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

FIRST JUDICIAL DISTRICT AT KETCHIKAN
Filed in Trial Courts
State of Alaska, First District
at Ketchikan

1
2
3 FAMILY COUNSELING SERVICES,)
4 Plaintiff,)
5 vs.)
6 DEPARTMENT OF HEALTH AND)
7 SOCIAL SERVICES OF THE)
8 STATE OF ALASKA)
9 Defendant.)

MAY 12 1988

By _____; Deputy

No. 1KE-88-134 Civil

STIPULATION

11 The parties to the above-captioned case agree and
12 stipulate that the case may be dismissed with prejudice as the
13 parties have amicably reached settlement.

14 DATED: May 12, 1988

15 For Plaintiff:

16 Roger Carlson
17 Roger W. Carlson
18 Attorney at Law

19 DATED: May 9, 1988

20 For Defendant:

21 GRACE BERG SCHAIBLE
22 ATTORNEY GENERAL

23 Deborah E. Behr
24 By: Deborah E. Behr
25 Assistant Attorney General
26 for the Defendant

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
PO BOX K, JUNEAU, ALASKA 99811
PHONE 465-3600

STIPULATION

PAGE 1 OF 2

4 EXHIBIT A - PAGE 1 of 6

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
PO BOX K, JUNEAU, ALASKA 99811
PHONE 465-3600

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State of Alaska, First District
44-533-0000

MAY 20 1988

ORDER

IT IS SO ORDERED.

DATED: 5/16/88

Thomas M. Dale
Superior Court Judge



Printed Name
Copies Distributed
Date 5-20-88
To KOLB
COLE
By *Edna*

STIPULATION

EXHIBIT A - PAGE 2 OF 6

RECEIVED
MAY 16 1988
DEPT. OF LAW
JUNEAU ALASKA 99801-134

STIPULATION

Family Counseling Services, plaintiff, and Alaska Department of Health and Social Services, defendant,

Civil stipulate:

1. The defendant agrees to enroll the plaintiff, Family Counseling Services, as a medicaid provider, retroactive to January 1, 1987. The defendant agrees to supply the plaintiff, Family Counseling Services, with a standard provider enrollment package within ten days of signature of this agreement. The plaintiff agrees to provide a completed provider enrollment package (including a signed provider agreement) within ten days of receipt of the enrollment package from the defendant. The plaintiff and the defendant agree to comply with medicaid law and regulations. Notwithstanding the dismissal with prejudice of plaintiff's pending claims, if medicaid law or regulation as applied to plaintiff results in a loss of enrollment status, plaintiff will not be prejudiced by this stipulation to bringing a new action based on 42 U.S.C. § 1396a(a)(23) (free choice of provider provision).

2. The defendant gives notice to the plaintiff that the defendant intends to adopt regulations affecting the services provided by all mental health providers for the medicaid program. The parties agree that this stipulation does not supersede or supplant medicaid law or regulation, now or in the future.

///

STIPULATION

PAGE 1 of 4

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
PO BOX K, JUNEAU, ALASKA 99811
PHONE 465-3600

EXHIBIT_A PAGE 3 of 6

ATTORNEY GENERAL STATE OF ALASKA
STATF 'ITOL
PO BOX K, JUNEAU, ALASKA 99811
PHONE 465-3600

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3. The plaintiff agrees to submit to the defendant all billings for which the plaintiff wishes to claim medicaid reimbursement for services performed from January 1, 1987, to date of signature of the settlement agreement within thirty days of signature of this settlement agreement by all parties. All claims so submitted shall be deemed promptly submitted for purposes of AS 44.77.015 and its implementing regulations. The defendant agrees to process the claims according to medicaid law and regulation within thirty days of receipt from plaintiff. The defendant agrees to make every effort to pay from the current available funds but gives notice that some payment may have to be delayed until shortly after July 1, 1988, if current funds are insufficient.

4. The parties agree that this document constitutes a total settlement of the issues between them and, therefore, the parties agree that the pending suit (IKE-88-134) be dismissed with prejudice. The parties agree that the pending administrative appeal before the department on these issues be dismissed with prejudice. The parties agree that this settlement is not an admission or statement regarding the merits of the plaintiff's issues contained in the above-captioned suit and the administrative appeal pending before the department.

5. The parties agree to refrain from disclosing the terms of this settlement, and that the settlement agreement is not admissible in any legal proceeding except for compelling
///

STIPULATION

PAGE 2 of 4

EXHIBIT A - PAGE 4 of 6

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
PO BOX K, JUNEAU, ALASKA 99811
PHONE 485-3600

1 compliance with the terms of this agreement for default by ei-
2 ther party.

3 6. The parties agree that each side shall bear its
4 own attorney's fees and costs.

5 7. The defendant designates the following person to
6 assist the plaintiff in handling the mechanics of getting its
7 claims processed:

8 Terri Keklak
9 Division of Medical Assistance
10 Department of Health and Social Services
11 4433 Business Park Boulevard
12 Anchorage, Alaska 99503
13 Phone: 561-2171

14 DATED: May 12, 1988

15 For Plaintiff:

16 Stella Salter
17 Family Counseling Services

18 DATED: May 12, 1988

19 Approved as to form for
20 Plaintiff:

21 Roger W. Carlson
22 Roger W. Carlson
23 Attorney at Law

24 DATED: May 9, 1988

25 For Defendant:

26 Myra M. Munson
27 Myra M. Munson, Commissioner
28 Department of Health and
29 Social Services

///

STIPULATION

PAGE 3 of 4

EXHIBIT A - PAGE 5 of 6

223-88-338

STEVE COWPER, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

June 23, 1989

REPLY TO:

1031 W 4th AVENUE SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550
FAX: (907) 276-3697

1st NATIONAL CENTER
100 CUSHMAN ST. SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 452-1568
FAX: (907) 456-1317

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295

465-3603

Family Counseling Service
1914 Tongass Avenue
Ketchikan, AK 99901

Dear Sir:

This letter is to confirm my telephone call with Mr. Callentine of your office on June 19, 1989. As I indicated by telephone, I am an assistant attorney general and I represent the Alaska Department of Health and Social Services. I understand that Mr. Rosendin, Esq. referred my question to you directly since your former attorney, Roger Carlson, is no longer in practice in Ketchikan.

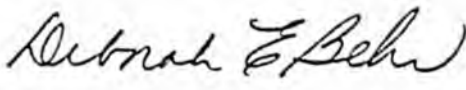
As we discussed, the Department of Law has received a request for public documents pertaining to the Family Counseling Services v. Department of Health and Social Services, (1KE-88-134 Civ.), which was settled in May 1988. As part of that agreement, we had a side-settlement in which we agreed not to disclose the details of the settlement. Since the agreement was reached, the Alaska Supreme Court has clarified the law that makes such documents generally discoverable from public agencies. Therefore, I asked Family Counsel Services's permission to release the document. I received such permission from Mr. R. Callentine on behalf of Family Counsel Services. We agreed that neither party was bound by non-disclosure provisions as contained in paragraph 5 of the side-agreement.

EXHIBIT B - PAGE 1 of 2

I appreciate your willingness to cooperate with the state on this matter.

Sincerely,

DOUGLAS B. BAILY
ATTORNEY GENERAL

By: 
Deborah E. Behr
Assistant Attorney General

DEB:jal

cc: David W. Rosenden ✓
Hon. Myra Munson ✓
Kim Busch ✓

bcc: Carol L. Giles, Perkins Coie ✓
Ronald W. Lorensen
Elizabeth L. Shaw

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IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT

PAUL L. CRAIG,)
)
) Plaintiff,)
)
) vs.)
)
) DEPARTMENT OF HEALTH & SOCIAL)
) SERVICES OF THE STATE OF ALASKA,)
)
) Defendant.)

COPY
Original Received
Case No. 3AN-89-6308 Civil
SEP 29 1989

Clerk of the Trial Courts

STIPULATION FOR VOLUNTARY
DISMISSAL

COME NOW all of the parties who have appeared in this action, by and through their respective counsel, and pursuant to Alaska Civil Rule 41(a), stipulate that the above-entitled action is hereby dismissed with prejudice. Defendant will pay plaintiff Five Thousand Dollars (\$5,000.00) in attorney's fees which is due and payable on September 25, 1989. Interest on this amount shall accrue from September 25, 1989, at the statutory rate specified in AS 09.30.070 until paid in full. The parties agree that each side shall bear its own costs and any additional attorney's fees.

PERKINS COIE
Attorneys for Plaintiff
Paul L. Craig

DATED: September 29, 1989

By: Carol L. Giles
Carol L. Giles

EXHIBIT C - PAGE 1 of 5

STIPULATION FOR VOLUNTARY DISMISSAL/Page 1

ATTORNEY GENERAL
STATE OF ALASKA

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DATED: September 25, 1989

By: *Deborah E. Behr*
Deborah E. Behr
Assistant Attorney General

PERKINS COIE
1029 WEST THIRD AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501
(907) 279-8561

EXHIBIT C - PAGE 2 of 5

Department of Law
JUDGMENTS/CLAIMS FOR PAYMENT

1. Case Name: Paul Craig v. Dept. of Health & Social Svcs. for the State of Alaska
2. Case No. 3AN-89-6308 Civil
3. Date ~~Settlement~~ ^{Settlement} entered: September 25, 1989 (interest to accrue from this date)
4. Amount to be paid: \$5,000
5. Interest Rate: 10.5 % Effective Date: September 25, 1989
6. Payable to: Paul L. Craig
3300 Providence Drive, Suite 304
Anchorage, AK 99508
Social Security No. 506-72-9962
7. Send check to: above address. Departmental contact.

Departmental Contact

Departmental Approval

(Name) Deborah E, Behr

Deputy Attorney General

(Telephone no.) 907-465-3603

Date

** This form will be used for the purpose of establishing the amount of claims and will expedite the payments to the claimant. If any changes please advise the Deputy Director, Administrative Services Division, Pouch K, Juneau, or call (907) 465-3603 as soon as any changes are known.

EXHIBIT D - PAGE 1 of 1

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCH V, STATE CAPITOL
JUNEAU, ALASKA 99911
907-463-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. HESS 2-14-70

H. HESS 3-12-70

Original sponsor(s): HESS Committee

1 IN THE HOUSE

BY THE HESS COMMITTEE

2 CS FOR HOUSE BILL NO. 274 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to psychologists' services under the
7 state medical assistance program; and reordering the
8 priorities for eliminating coverage under Medicaid."

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

10 * Section 1. AS 47.07.030(b) is amended to read:

11 (b) In addition to the mandatory services specified in (a) of
12 this section, the department may offer only the following optional
13 services: case management and nutrition services for pregnant women;
14 personal care services in a recipient's home; emergency hospital
15 services; long-term care noninstitutional services; medical supplies
16 and equipment; clinic services; inpatient psychiatric facility ser-
17 vices for individuals age 65 or older and individuals under age 21;
18 prescribed drugs; psychologists' services; physical therapy; occupa-
19 tional therapy; chiropractic services; treatment of speech, hearing,
20 and language disorders; adult dental services; prosthetic devices and
21 eyeglasses; optometrists' services; intermediate care facility ser-
22 vices, including intermediate care facility services for the mentally
23 retarded; skilled nursing facility services for individuals under age
24 21; and reasonable transportation to and from the point of medical
25 care.

26 • Sec. 2. AS 47.07.035 is amended to read:

27 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the depart-
28 ment finds that the cost of medical assistance for all persons eligi-
29 ble under this chapter will exceed the amount allocated in the state

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(20) [(19)] skilled nursing facility services for persons under age 21;

(21) [(20)] aged, blind, and disabled individuals who, because they do not meet the income requirements, do not receive supplemental security income under Title XVI of the Social Security Act, but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility, to receive an optional state supplementary payment;

(22) [(21)] individuals in a hospital, skilled nursing facility, or intermediate care facility whose income while in the facility does not exceed 300 percent of the supplemental security income benefit rate under Title XVI of the Social Security Act, but who, because of income, are not eligible for the optional state supplementary payment;

(23) [(22)] individuals under age 21 under supervision of the department, for whom maintenance is being paid in whole or in part from public money and who are in foster homes or private child-care institutions.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Original sponsor(s): HESS Committee

1 IN THE HOUSE

BY THE HESS COMMITTEE

2 CS FOR HOUSE BILL NO. 274 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to psychologists' services under the
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15 services; long-term care noninstitutional services; medical supplies
16 and equipment; clinic services; inpatient psychiatric facility ser-
17 vices for individuals age 65 or older and individuals under age 21;
18 prescribed drugs; psychologists' services; physical therapy; occupa-
19 tional therapy; chiropractic services; treatment of speech, hearing,
20 and language disorders; adult dental services; prosthetic devices and
21 eyeglasses; optometrists' services; intermediate care facility ser-
22 vices, including intermediate care facility services for the mentally
23 retarded; skilled nursing facility services for individuals under age
24 21; and reasonable transportation to and from the point of medical
25 care.

26 * Sec. 2. AS 47.07.035 is amended to read:

27 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the depart-
28 ment finds that the cost of medical assistance for all persons eligi-
29 ble under this chapter will exceed the amount allocated in the state

1 budget for that assistance for the fiscal year, the department shall
2 eliminate coverage for optional medical services and optionally eligi-
3 ble groups of individuals in the following order:

- 4 (1) chiropractic services;
5 (2) [ADULT DENTAL SERVICES;
6 (3) emergency hospital services;
7 (3) psychologists' services;
8 (4) treatment of speech, hearing, and language disorders;
9 (5) optometrists' services and eyeglasses;
10 (6) occupational therapy;
11 (7) prosthetic devices;
12 (8) medical supplies and equipment;
13 (9) clinic services;
14 (10) adult dental services;
15 (11) physical therapy;
16 (12) [(11)] personal care services in a recipient's home;
17 (13) [(12)] prescribed drugs;
18 (14) [(13)] long-term care noninstitutional services;
19 (15) [(14)] inpatient psychiatric facility services;
20 (16) [(15)] intermediate care facility services for the
21 mentally retarded;
22 (17) [(16)] intermediate care facility services;
23 (18) [(17)] pregnant women, and children five years of age
24 or younger, with a household income that does not exceed 100 percent
25 of the federal poverty level;
26 (19) [(18)] individuals under age 21 who are not eligible
27 for benefits under the federal aid to families with dependent children
28 program because they are not deprived of one or more of their natural
29 or adoptive parents;

1 (20) [(19)] skilled nursing facility services for persons
2 under age 21;

3 (21) [(20)] aged, blind, and disabled individuals who,
4 because they do not meet the income requirements, do not receive
5 supplemental security income under Title XVI of the Social Security
6 Act, but who are eligible, or would be eligible if they were not in a
7 skilled nursing facility or intermediate care facility, to receive an
8 optional state supplementary payment;

9 (22) [(21)] individuals in a hospital, skilled nursing
10 facility, or intermediate care facility whose income while in the
11 facility does not exceed 300 percent of the supplemental security
12 income benefit rate under Title XVI of the Social Security Act, but
13 who, because of income, are not eligible for the optional state
14 supplementary payment;

15 (23) [(22)] individuals under age 21 under supervision of
16 the department, for whom maintenance is being paid in whole or in part
17 from public money and who are in foster homes or private child-care
18 institutions.
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HB

279

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 11, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/28/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 279

HOUSE BILL NO. 279 [TRS VESTING FOR PART-TIME TEACHERS]

"An Act relating to vesting of teachers with parttime membership service under the teachers' retirement system."

- RECOMMENDATIONS:
- [] be replaced with _____ [] the same title
 - [] have attached amendment(s) [] a new title
 - [X] do pass
 - [] do not pass
 - [] no recommendation
 - [] individual recommendations
 - [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

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

- [] fiscal impact _____ [] fiscal note(s) _____
- [] zero fiscal note _____ [] zero fiscal note(s) _____
- [X] zero with analysis Appropriation [] zero fn/analysis _____

SIGNING DO PASS:

J. Ellis

[Signature]

[Signature]

SIGNING:
 (Check approp. column)

	Do Not Pass	No Rec	Amend

J. Ellis

 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to vesting of BRU: Retirement and Benefits
teachers with part-time service.
 Sponsor: Davis Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	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	0	0	0	0	0	0
TOTAL	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

ANALYSIS: (Attach a separate page if necessary)

Please refer to page 2 for discussion of financial implications.

Prepared By: Sally Smith, Director *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: 11-25-89

Approved by Commissioner: John M. Andrews Date: _____
 Agency: Department of Administration *Walter Taylor*

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

House Bill 279
 Analysis of the Fiscal Implications to the Retirement Fund
 Prepared by Division of Retirement & Benefits
 Department of Administration
 April 21, 1989

Analysis: Passage of this bill will allow teachers to vest in benefits under the Teachers' Retirement System after eight full school years as either a full-time or part-time teacher. Passage of this bill is estimated to increase the state TRS contribution rate for FY90 by .34%. The FY90 state TRS payroll is estimated to be \$55,085,786 (Department of Education, \$5,025,700; and University of Alaska, \$50,060,086) and remain level for each year thereafter.

The cost to the state of \$187.3 is calculated as follows:

Estimated U of A FY90 payroll	\$ 50,060,086	
TRS contribution rate increase	X <u> .34%</u>	
Total U of A cost.....	\$	170,200
Estimated D.O.E. FY90 payroll	\$ 5,025,700	
TRS contribution rate increase	X <u> .06%</u>	
Total D.O.E. cost.....	\$	<u>17,100</u>
Total State Cost	\$	<u>187,300</u>

In addition to the state cost, there would also be an increase in the school districts' contribution rate of .34%, resulting in a total contribution increase of \$1,153.3 for FY90 and for each year thereafter.

Estimated School District FY90 payroll	\$ 339,201,043	
TRS contribution rate increase	X <u> .34%</u>	
Total School District cost....	\$	<u>1,153,300</u>

The unfunded liability of the TRS would increase by \$7,994,000 and the funding ratio of the TRS would decrease by approximately .59%.

RECEIVED

APR 24 1963

Representative Cheri Davis

Pouch V

Juneau, Alaska 99801

*

Dear Cheri,

My name is Carolyn Frye. I've lived in Alaska 12 years and taught in the correspondence program of the school district here for 9 years on a halftime basis. My plans right now are to stay in teaching until the day I drop dead or at least to fulfill the 20 years necessary for retirement. I love my job and the people I work with.

BUT...I'm realistic enough to know that I may not be able to teach that long. My father died of cancer, and there's the possibility that I too may have to quit teaching and deal with cancer or some other dread illness. Then too, my husband has been in the church much longer than any other pastor here and might get transferred at some future date. Other circumstances might prevent me from teaching that long. I'd like to think that I could get some retirement salary and medical benefits from this state that I feel I have put a lot into.

I consider Alaska my home. I've lived here longer than any other place in my life. We own a home here, we stimulate the economy and have brought up our children here. When I'm not teaching, I'm busy with volunteer work to help Alaskan youth-- Girl Scouts, Sunday school, work with kids on homework, youth work in and out of institutions. I have several young people who think of me as a mom, and I do everything I can for them. It isn't a state funded program but something I do because I care and like young people. I've held two jobs at times to supplement our incomes.

I've applied for other full-time and half-time positions within the district but have not been given even the courtesy of an interview or consideration for those jobs. People in the district who are hired at half-time are told not to expect to ever be given the chance to go full-time. As a consequence, I

remain at half-time and have filled the other hours of my day with many worthwhile things. I remain happy with my job. I'm not bitter.

I've compared the retirement system of other jobs and find that at the state level, the national level, and in private business, there is provision for retirement between 5-10 years. There is no other system where the vesting period is 16 years, and I feel that is too long. Across the United States, health care and retirement are being examined, and the trend is to lower the vesting requirements. Teachers who teach part-time aren't eligible for any other system of health benefits or retirement salary. H. B. 279 needs consideration, therefore, to grant these rights to the public servants called "part-time teachers". It's been under consideration for 5 years and needs passage.

This will not be costly either to the state or to the local district because so few will actually take advantage of it. They must still meet the age requirement for retirement, and most teachers do not stay at half-time very long. When benefits are calculated, these half-time years would still be counted as half. It's just the vesting time which would add up to 8 years.

Please do what you can to get immediate passage of this bill.

Sincerely,
Carolyn Gay

RECEIVED

APR 24 1969

Representative Cheri Davis
Pouch V
Juneau, Alaska 99801

Dear Mrs. Davis,

I'm very glad you introduced H. B. 279 regarding vesting time for part-time teachers. They deserve to retire with dignity, and the cost should be minimal since they must still meet the age requirements and have contributed the same percentage of their incomes to T.R.S. as a full time teacher.

Other systems allow part-time years to count toward vesting, and there is no other system which requires 16 years for vesting. Federal jobs such as the Forest Service, state jobs with the Pioneer Home, union jobs such as I.B.E.W., and jobs in the private sector recognize part-time service toward vesting. These are public servants who deserve to have a minimal salary and health benefits. Their salary would only be half that of an 8-year full-time teacher.

Please do what you can to calendar H. B. 279 and get it through HESS this year. Although it is late in starting, we can push it that far this year. Do what you can.

Sincerely,

John F. Landis
1.1.11.11.11
Retirement, AK
00911



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

April 24, 1989

To: Representative Johnny Ellis, Chair
Members, House HESS Committee

Re: House Bill No. 279; "An Act relating to vesting
of teachers with part-time membership service
under the teachers' retirement system."

NEA-Alaska supports and encourages your favorable
consideration of HB 279.

It is our feeling that this is an equity issue and that
part-time teachers should be afforded the same opportunity
to acquire vested retirement benefits as those who are
teaching full time.

Part-time teaching service is valuable to many school
districts and in many instances part-time teachers are
providing services to the district far in excess of their
specific part-time definition.

Part-time teachers represent a cost saving to districts in
that their fringe benefits may be less and, in some
instances, non-existent.

School funding cuts have necessitated more part-time
teaching positions even though many of those who occupy them
would much prefer full time teaching.

We encourage your support of HB 279 because it brings back a
part of the equity which should be available to part-time
teachers.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners

Bob Manners
Executive Secretary

Judy Salo
Judy Salo
President

cc: Representative Cheri Davis

H B

282

HOUSE COMMITTEE REPORT

(7)
Date Referred: April 12, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 2/16/90

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 282

HOUSE BILL NO. 282 [LOCAL ADMINISTRATION OF PUBLIC SCHOOLS]
"An Act relating to local administration of public schools."

RECOMMENDATIONS:

- be replaced with CS HB 282 (HESS) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

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

- fiscal impact _____ fiscal note(s) _____
- zero fiscal note DOE zero fiscal note(s) _____
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

J. Ellis
Max Kumborg
Mark B...
PETER J...

SIGNING:

(Check approp. column)

Do Not
Pass No Rec Amend

J. Ellis
Chairman's Signature

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: HB 282
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to local administration of public schools
Sponsor: Koponen, Boyer and Ulmer
Requestor: House HESS

Agency Affected: Education
BRU: K-12 Support
Components: Foundation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800
Division: Commissioner's Office Date: 2/16/90
Approved by Commissioner: William G. Demert Date: 2/16/90
Agency: Education

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget

