

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

6798 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

Social Services Block Grant - In January 1975, Title XX of the Social Security Act was authorized to provide financial assistance to states for social services programs. Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981, amended Title XX to allow for a block grant concept and for increased state flexibility in using grant funds. The name of the Act was retitled "Title XX -Block Grants to State for Social Services" in order to reflect these changes. Because it is not possible to predetermine the level of federal block grant funds which will be authorized, the eligible social service programs are budgeted with State general funds. The Division of Family and Youth Services has identified the following services for which expenditures will be claimed toward the block grant. Child Protection Homemaker Support; Adult Protection Services; Child Protective Day Care and Day Treatment; Child Protective Services; and Staff Development.

Youth Corrections - In this section of the Division services are mandated by statute and required to protect the public as well as to care for, supervise, and treat delinquent youth. Included are community delinquency prevention services, intake and referral from police and other agencies, court screening and intake diversion, diversion and informal and formal probation services. Also included are detention and long-term institutional services provided at the McLaughlin Youth Center as well as the Fairbanks, Nome, Bethel, and Johnson Youth Facility programs.

DIVISION OF ALCOHOLISM AND DRUG ABUSE

GENERAL INFORMATION

The Division of Alcoholism and Drug Abuse (ADA) was established by AS 47.37.020, and is responsible for administering:

1. Alcohol Abuse Programs
2. Inmate Substance Abuse Programs
3. Alcohol Safety Action Program
4. Alcohol Prevention Programs
5. Federal block grant allocation of prevention and treatment
6. Drug Abuse Programs
7. Youth Substance Abuse Programs
8. Inhalant Abuse Services
9. AIDS Intervention Program

The division administers services which are mandated by statute through the grant-in-aid process (AS 47.30.475 -- 47.30.500). Nonprofit, municipal, and public agencies provide direct service through separate division grants which employ individuals Statewide. The division maintains grant files, provides administrative support and technical assistance, and monitors all State funded programs to ensure compliance with State rules and regulations regarding the grant-in-aid process as well as federal laws and regulations pertaining to block grant funds. Grantees are surveyed annually and fiscal audits are conducted on a biennial or annual basis.

The division maintains three offices: one located in Juneau and two in Anchorage. The Juneau office serves as the administrative, budgetary, planning, policy analysis, program development, and fiscal control point. One of the Anchorage offices serves as the monitoring and technical assistance portion of the operation, while the other is the Alcohol Safety Action Program (ASAP) office. This section coordinates Statewide court system alcohol and misdemeanor services, provides alcohol and misdemeanor screening, monitoring services for the Anchorage Court System, and provides technical assistance, training, and on-site reviews of Statewide court services.

PROGRAM SUMMARIES:

Drug Abuse Programs - All state-funded drug prevention and treatment programs are paid for through this program. These programs provide information, education, recreational activities, out-patient detoxification, methadone maintenance, drug-free

counseling, intermediate care, residential drug-free therapeutic community information, intervention, and outreach services to clients. AIDS prevention and intervention services are coordinated with the Division of Public Health.

Alcohol Abuse Programs - Funds are awarded to agencies around the State to provide alcohol abuse and alcoholism prevention, intervention, and treatment services. There are approximately 53 agencies including Inmate Substance Abuse programs funded by the division. These agencies provide education, emergency care, outpatient care, outreach, intermediate care, after-care, corrections services, detoxification, counseling, referral services, and community patrol services as well. These comprehensive grants are for services designed and requested by the communities they serve.

DIVISION OF ADMINISTRATIVE SERVICES

GENERAL INFORMATION

The Division of Administrative Services provides an array of administrative and management support functions for the Department through the division's sections which include: finance, budget, supply, planning, data Processing, and facilities.

These sections primarily support the program divisions and offices in achieving their immediate and long term goals of serving needy and vulnerable Alaskans. External services are provided in a number of areas: health facility construction licensing, reviews of Certificate of Need for hospitals, grant management, and technical assistance to capital grantees, planning for services for the handicapped, and recruitment, examination, and certification of people interested in jobs with the Department (over 3,000 applications processed during FY 87).

Administrative functions are funded primarily with State general funds. Services are provided directly by division staff in offices located in Juneau and Anchorage. However, most services are provided primarily through the Department's central office in Juneau.

SPECIFIC SUPPORT SERVICES

Personnel and Payroll - The personnel and payroll section is the basic administrative unit responsible for personnel management within the Department. Procedural functions include initiate and maintain personnel, payroll, leave, training, and related records. Programmatic functions include labor relations, position classification, employee development, manpower planning, recruitment, examination, and eligible list certification, and staff consultations. The office maintains records on more than 1800 positions in more than 50 geographic locations.

Budget Section - This section provides technical budget support to the Department as well as management guidance and analysis to the Commissioner's Office. It is responsible for analyzing, monitoring, and controlling the Department's annual operating and capital budgets, budget amendments, revised programs, supplementals, and fiscal notes. It is also responsible for Departmental financial procedures, processing, and control; position authorization control; claiming and reporting in excess of \$100 million in federal and other funds annually; procurement, property inventory, and leasing and facility acquisition; and contract policies and procedures and processing.

Planning Section - The planning section engages in health and social services planning and research, Certificates of Need (CON) licensing of health facilities construction and certification of health facility revenue sharing. In accomplishing these tasks, the staff works closely with other divisions in the Department, local, State, and federal government agencies and other interested agencies. Both the planning and capital project management functions are consolidated within the Division of Administrative Services, while the responsibility for administering the Vital Statistics registry and reporting functions was transferred to the Division of Public Health.

Facilities Section - The facilities section supports planning for capital improvements, capital grants, inventory of health facilities, certification of revenue sharing and construction licensing of health facilities.

Finance Section - The finance section is responsible for assisting all Divisions within the Department in fulfilling their financial obligations by providing prompt and accurate payments to vendors for health & social service programs and commodities; maximizing Federal Claims processing, maintaining adequate cash management and meeting federal reporting requirements in a timely manner; the processing of all professional services contracts, streamlines the review and approval of all contractual documents and provides clear interpretation of respective regulations.

Supply Section - This section is responsible for procurement for the Department. DAS Supply headquarters is in Juneau and purchases for the Southeast region. They are also responsible for any leases the department originates and maintains and handling of all departmental mail. There is a regional supply office in Anchorage which purchases for the Southcentral, Western and Northern regions. Each division has a designated supply person who coordinates through the nearest Supply Office.

APPENDIX

ALASKA STATE GOVERNMENT - HOW IS IT ORGANIZED?

As one of more than 20,800 employees of the State of Alaska, you will be able to better serve Alaskans by having a general knowledge of our state's governmental structure and organization.

The framework of our state government was established by the Alaska Constitution which created three branches of government: legislative, judicial and executive. Let's look briefly at each:

Legislative Branch: Enacts laws for the benefit of Alaskans. Members of the legislature are elected by the voters of Alaska.

Legislature: House of Representatives (Speaker - 40 Members)

Senate (President - 20 Members)

Senate Advisory Council

House Research Agency

Legislative Budget & Audit Division

Legislative Information & Teleconference

Office of Ombudsman

Judicial Branch: Applies and interprets Alaska's statutes and constitution and to prescribe penalties for violations of law. The court system is divided into four levels; district court, superior court, court of appeals, and the highest state court, the supreme court. The chief justice of the Alaska Supreme Court is the administrative head of all the courts in Alaska.

Alaska Court System

Supreme Court (Chief Justice)

Appellate Court

Superior Court

District Court

Judicial Council

Commission on Judicial Conduct

Executive Branch: By far the largest, this branch of government is headed by an elected governor and lieutenant governor. The governor is the chief executive officer of the State and is responsible for the faithful execution of the laws and public programs enacted and funded by the legislative branch. The structure used for carrying out these duties is presently organized

Alaska Department of Health & Social Services

in fourteen principal departments. The governor appoints commissioners to head most departments. The exceptions are department of Education and Department of Fish & Game, whose commissioners are appointed by boards and approved by the governor.

Office of the Governor includes:

Office of Lieutenant Governor; and,
Office of Equal Employment Opportunity

State Departments

The Office of the Governor serves as a clearinghouse for the people of Alaska, a forum for public opinion and a place the public can go for assistance in resolving problems. Additionally, the governor formulates state policy and transmits it to the departments through the commissioners, who are governor appointees. The Governor's Office also serves as a liaison between State and federal governments and between the executive, legislative, and judicial branches of state government. The majority of Alaska State employees within these departments are involved in keeping the state government operating and providing public services. Most of the positions held by these employees comprise the state classified service as defined by Alaska Statute 39.25, the State Personnel Act.

The Equal Employment Opportunity office ensures equal employment for all State employees and applicants, without unlawful discrimination. It also encourages and supports departments' affirmative action programs.

University of Alaska

In addition to the three major branches of Alaska State government, the Alaska constitution established our State University system as a public corporation. It is governed by a Board of Regents which appoints a president to serve as executive officer, responsible for the administration of the University.

Alaska Department of Health & Social Services

BRIEF DEPARTMENT DESCRIPTIONS

A look at each department will help you understand the structure of the executive branch of government of which you are a part.

Department of Administration - facilitates good management and liaison among departments in matters of finance, personnel, purchasing and supply, data processing, labor relations, equal employment opportunity, and other administrative services. The goal is to provide efficient and effective centralized support services to all other departments.

Department of Commerce and Economic Development - serves a dual role of public protection and economic development. As public protector, the department exercises regulatory authority over financial institutions, securities activities and land development, and the insurance industry in the State; supports a number of professional and trade regulatory boards; and through several commissions, monitors activities and ensures compliance in regulated areas such as gas and oil conservation, public utilities, and transportation. To stimulate economic growth, the department encourages development of the visitor industry, provides loans for purposes generally not available from financial institutions, encourages a broad based economy through assistance to diverse private businesses and through boards, authorities and councils, and promotes development in a variety of industries.

Department of Community and Regional Affairs - is responsible for providing financial, advisory, and management assistance to local government at the community and regional level; offers a broad range of planning services, technical training and financial aid to the state's municipalities, regional planning organizations, and unincorporated communities.

Department of Correction - provides and administers a system of prisons, "new start" centers, as well as parole and probation offices for the State.

Department of Education - with policy direction from the State Board of Education, provides technical and financial assistance to school districts and monitors compliance of school districts with appropriate statutes and regulations; provides post-secondary non-degree training and education through the Alaska Vocational Technical Center in Seward; coordinates, supports and provides services to disabled Alaskans whose handicap presents a barrier to employment; and ensures efficient use of Alaska resources to provide postsecondary educational services.

Department of Environmental Conservation - in its role to conserve, improve and protect Alaska's natural resources and environment, the department is concerned with air and water pollution. The department's responsibility extends to matters affecting the health, safety, economic, and social well-being of the people, such as enforcement of health and sanitation standards.

Department of Fish and Game - is charged with the maintenance, development, and enhancement of Alaska's fish and wildlife resources to provide for their sustained optimum use consistent with the social, aesthetic, environmental, and economic needs of the people of Alaska.

Department of Health & Social Services - administers a range of programs to assure the optimum mental and physical health and well being of the Alaskan people, including family and youth services, public assistance, public health and health care programs, mental health and developmental disabilities, and alcohol and drug abuse services.

Department of Labor - works to promote the welfare of the wage earners of the State, improve their working conditions, and advance their opportunities for profitable employment. Toward this mission, the department administers employment service, unemployment insurance and worker's compensation programs; enforces laws and regulations dealing with job safety, hours of work, wages and work conditions; and collects, analyzes and releases labor and population statistics.

Department of Law - under the guidance of the Attorney General, prosecutes violations of state law to protect the lawful rights and interests of the individual Alaskan and the State as a whole. Serves as legal advisor and counsel to the executive branch. Includes a civil division, a criminal division, a consumer protection division and an administrative services division.

Department of Military Affairs & Veterans Affairs - responsible for the military affairs of the state, including the Alaska Air and Army National Guard, administration of Statewide disaster preparedness and response through the Division of Emergency Services, coordination of veteran's programs and issues, and the organization and direction of the Alaska State Defense Force and the Alaska Naval Militia. The commissioner of the department is the state's adjutant general and chief military advisor to the governor.

Department of Natural Resources - manages land, water, forests, grasslands, oil, gas, energy and hard rock minerals, parks, historical sites, agriculture, and related resource development activities. The department surveys land, surface, and subsurface resources; offers land for disposal including remote parcels and for agriculture and subdivision settlement; selects land entitled to the State by the Statehood Act; leases oil and gas areas, such as Prudhoe Bay;

develops new agricultural resources. The department operates the state park system and fights forest fires.

Department of Public Safety - Alaska's primary police agency with authority to enforce federal, state, and local laws. With a mission to prevent loss of life or property from illegal or unsafe activities, the department enforces criminal laws, traffic laws and state fish and game regulations; operates fire safety and traffic safety programs; and provides motor vehicle registration.

Department of Revenue - administers all revenue and tax laws; invests and manages all state funds; and administers the child support enforcement program. It is the department's policy to ensure all taxes are lawfully assessed and collected; all qualified Alaskans are afforded the opportunity to apply for Permanent Fund Dividends and all state revenue excesses are prudently invested.

Department of Transportation and Public Facilities - the State's largest department, with responsibility for administering the state programs for the planning, design, construction, maintenance and operation of all state owned buildings, docks, floats, airports, highways, bridges, traffic signs, and signals. DOT/PF also administers and operates the Alaska Marine Highway System.

HB

2

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 3

Revision Date: March 11, 1992
Title: An act levying an excise tax on smokeless tobacco products
Sponsor: Rep. Ellis
Requestor: HS HES

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	360.0	360.0	360.0	360.0	360.0	360.0
FUND SOURCE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
FUND SOURCE						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS:

SEE ATTACHED

Prepared By: Paul E. Dick Phone: (907) 465-2320
Division: Income and Excise Audit Date: March 11, 1992
Approved by Commissioner: Darrel J. Rexwinkel Date: 3/11/92
Agency: Department of Revenue

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Fiscal Note Analysis, HB 3
 Income and Excise Audit Division
 Prepared by Paul Dick
 March 11, 1992

The revenue increases presented in this fiscal note assume the passage of HB 2 which was introduced in the 1991 session along with this bill. HB 2 increases the tax imposed on cigarettes from 29 to 41 cents per pack of cigarettes.

HB 3 separates smokeless tobacco from other tobacco products such as cigars and smoking tobacco and imposes a tax on smokeless tobacco equivalent to the rate imposed on cigarettes. Under this bill, the smokeless tobacco tax rate would be determined through regulation by the commissioner of the Department of Revenue. Other tobacco products such as cigars and smoking tobacco would not be subject to this bill and would remain taxed under AS 43.50.300 at 25% of its wholesale price.

Passed in conjunction with HB 2, this bill effectively increases the excise tax on smokeless tobacco from 25% to approximately 35% of the wholesale price of tobacco. For purposes of this fiscal note, we will use wholesale price as the basis for comparing the tax on cigarettes to that of smokeless tobacco.

Following are our calculations under the provisions of HB 3 using both the current tax rate and the rate assuming HB 2 becomes law. Our calculations assume that most of the tax collected on tobacco products excluding cigarettes was attributable to smokeless tobacco.

	<u>Without HB 2*</u>	<u>With HB 2</u>
Tax per pack of cigarettes	.29	.41
Wholesale price per pack of cigarettes	<u>\$1.18</u>	<u>\$1.18</u>
Percentage of tax to wholesale price	<u>24.58%</u>	<u>34.75%</u>
Total wholesale value of smokeless tobacco sold in FY 91	\$3.7 million	\$3.7 million
Total wholesale value of smokeless tobacco multiplied by percentage	\$909,500	\$1,286,000
Less FY 91 smokeless tobacco revenues	<u>(926,000)</u>	<u>(926,000)</u>
Increase (Decrease) in revenues**	<u>\$(16,500)</u>	<u>\$ 360,000</u>

* Based on the current combined tax rate imposed on cigarettes. Note that statutes already tax smokeless tobacco at 25% of the wholesale price.

** Assumes that the use of smokeless tobacco remains at the same level of usage during FY 91.

Date of Committee Action: 3/19/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 2

HOUSE BILL NO. 2 INCREASE CIGARETTE EXCISE TAX

"An Act increasing the excise tax on cigarettes."

RECOMMENDATIONS: the same title
 be replaced with CS HB 2 (HES) a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
 fiscal impact Dept. of Revenue 3/16/92 fiscal note(s) _____
 zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Cheri Davis</i>	<input checked="" type="checkbox"/>				
<i>Betty Davis</i>	<input checked="" type="checkbox"/>	<i>J. E. Young</i>		X	
<i>Pat [unclear]</i>	<input checked="" type="checkbox"/>	<i>Betty Davis</i>		X	
		<i>Mary Miller</i>		X	

Pat [unclear]
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB2

Revision Date: March 16, 1992
Title: An act increasing the excise tax on cigarettes and tobacco products
Sponsor: Reps. Ellis and Brown
Requestor: HS HES

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit
COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE	4670.0	4670.0	4670.0	4670.0	4670.0	4670.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 0.0

ANALYSIS: ''
SEE ATTACHED

Prepared By: Paul E. Dick Phone: (907) 465-2320
Division: Income and Excise Audit Date: March 16, 1992

Approved by Commissioner: Darrel J. Rexwinkel Date: 3/16/92
Agency: Department of Revenue

Fiscal Note Analysis, CSHB 2
 Income and Excise Audit Division
 Prepared by Paul Dick
 March 16, 1992

CSHB 2 increases excise taxes on cigarettes and tobacco products. This bill increases the additional cigarette tax under AS 43.50.190 from 12 to 18 mills per cigarette, and increases the percentage of tax on tobacco products from 25% to 35% of the wholesale price.

Cigarettes

When added with the base cigarette tax of 2.5 mills under AS 43.50.090, the total cigarette tax under this bill would be 20.5 mills per cigarette (41 cents per pack), versus the current 14.5 mills (29 cents per pack). This would mean a 41% increase from the current cigarette tax rate.

Assuming that the increased tax rate will cause a decrease in the number of cigarettes sold by 10%, cigarette taxes will still increase in FY 93 by \$4.3 million as outlined below:

	<u>FY 91</u>	<u>HB 2</u>
Taxable Cigarettes Sold	1,088,000,000	979,200,000
Cents Per Cigarette*	<u>1.45</u>	<u>2.05</u>
Cigarette Tax	<u>\$15,776,000</u>	<u>\$20,073,600</u>

Our fiscal note assumes that the number of cigarette sold in FY 93 will remain the same through FY 98.

* 1 mill = .1 cent

Tobacco Products

This bill increases the percentage of excise tax on tobacco products from 25% to 35% of the wholesale price of the product. Tobacco products under AS 43.50 includes all forms of tobacco except for cigarettes.

Based on the total wholesale price of tobacco products reported to the Department of Revenue during FY 91 of \$3.7 million, this bill would increase revenues by \$370,000 per year assuming the rate of tobacco usage remains the same as FY 91.

Summary

The total increase in revenues for both cigarettes (\$4.3 million) and tobacco products (\$370,000) as a result of this bill is estimated to be \$4,670,000.

HPB

3

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 2

Revision Date: March 6, 1992
Title: An act increasing the excise tax
on cigarettes
Sponsor: Reps. Ellis and Brown
Requestor: HS HES

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0
FUND SOURCE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
FUND SOURCE						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS:

SEE ATTACHED

Prepared By: Paul E. Dick *PE* LEN 3-6-92 Phone: (907) 465-2320
Division: Income and Excise Audit Date: March 6, 1992
Approved by Commissioner: Darrel J. Rexwinkel *DR* Daniel Rexwinkel
Agency: Department of Revenue Date: 2/7/92

Fiscal Note Analysis, HB 2
Income and Excise Audit Division
Prepared by Paul Dick
March 6, 1992

HB 2 increases the additional cigarette tax under AS 43.50.190 from 12 to 18 mills per cigarette. The new tax, added with the cigarette tax of 2.5 mills per cigarette under AS 43.50.090, would result in a total tax of 20.5 mills per cigarette (41 cents per pack), versus the current 14.5 mills (29 cents per pack). This would mean a 41% increase from the current tax rate.

Assuming that the increased tax rate will cause a decrease in the number of cigarettes sold by 10%, cigarette taxes will still increase in FY 93 by \$4.3 million as outlined below:

	<u>FY 91</u>	<u>HB 2</u>
Taxable Cigarettes Sold	1,088,000,000	979,200,000
Cents Per Cigarette*	<u>1.45</u>	<u>2.05</u>
Cigarette Tax	<u>\$15,776,000</u>	<u>\$20,073,600</u>

Our fiscal note assumes that the number of cigarette sold in FY 93 will remain the same through FY 98.

* 1 mill = .1 cent

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CHAIR
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

Sponsor Statement HB 2 and HB 3

HB 2 increases the current state excise tax on a pack of cigarettes from \$.29 to \$.41, adding more than \$4 million in state revenues yearly. I introduced this legislation last year, but due to lack of support from other legislators and the Governor's office I did not pursue its passage. This year I think the feeling in Juneau is different, and I am working as quickly as I can to move this bill through the process.

Due to increased concern as to the danger of smokeless tobacco, and in an effort to increase chances of passage, I will be introducing a Committee Substitute to combine HB 2 with HB 3 and will change the language of HB 3. Instead of redefining smokeless tobacco, the new bill will simply increase the current tax on smokeless tobacco products from 25 percent of the wholesale price to an increased tax which will be based on 35 percent of the wholesale price of those products.

These additional taxes are found to be most effective in discouraging young people from smoking or chewing tobacco *before* they get addicted.

Alaska currently ranks 18th in the nation for the rate of *state* taxes on cigarettes and is tied for 10th in the nation for the rate of state taxes on smokeless tobacco products.

National statistics show that the number of cigarettes sold each year has been decreasing. Alaska has followed that trend for over a decade, except for last year when cigarette sales increased. We need to change that.

According to findings from the federal Office of Technology Assessment, smoking costs employers \$38 billion to \$95 billion per year in the form of lost productivity and health care costs. In 1985, there were 261 smoking attributable deaths in Alaska, costing over \$52.8 million in hospital care, physician services, medication and other health care costs.

Why increase taxes on cigarettes and smokeless tobacco?

1. Good Health Policy —High costs for the product cause people to cut down or quit.

Sponsor Statement

2. Good Fiscal Policy — In 1991, tobacco taxes accounted for \$14 million dollars in state revenue. Alaska is facing a budget deficit for FY 93.

3. Good Politics — Polling shows that where respondents are faced with a choice of various tax increases — cigarettes are the first to be taxed. A June 1990 Wall Street Journal and NBC News poll found that 83 percent of voters would favor increasing alcohol and tobacco taxes *if* the people had to have a tax increase.

HB 2 and HB 3 are supported by:

The American Cancer Society
Substance Abuse Directors Association of Alaska
American Lung Association of Alaska
Alaska Native Health Board
Anchorage Municipal Health and Human Services Commission
Alaska Department of Health & Social Services

Please support HB 2 and HB 3.

Sent To You By
Legislative Research Agency

*Selected years:
 1978-1991*

161
 1/76

Table 34
 State Cigarette Tax Rates per Pack

Region and State	1991	1990	1989	1988	1987	1986	1985	1984	1982	1980	1978
<i>Cigarette</i> Union: Federal Tax	<i>3.42</i>	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16	\$0.08	\$0.08	\$0.08
Median	.24	.21	.20	.18	.18	.17	.17	.16	.13	.125	.12
Alabama	.165	.165	.165	.165	.165	.165	.165	.165	.16	.12	.12
Alaska	.29	.29	.29	.16	.16	.16	.08	.08	.08	.08	.08
Arizona	.18	.18	.15	.15	.15	.15	.15	.15	.13	.13	.13
Arkansas	.22	.21	.21	.21	.21	.21	.21	.21	.1775	.1775	.1775
California	.35	.35	.35	.10	.10	.10	.10	.10	.10	.10	.10
Colorado	.20	.20	.20	.20	.20	.20	.15	.15	.10	.10	.10
Connecticut	.45	.40	.40	.26	.26	.26	.26	.26	.21	.21	.21
Delaware	.24	.19	.14	.14	.14	.14	.14	.14	.14	.14	.14
District of Columbia	.30	.17	.17	.17	.17	.13	.13	.13	.13	.13	.13
Florida	.339	.339	.24	.24	.24	.24	.21	.21	.21	.21	.21
Georgia	.12	.12	.12	.12	.12	.12	.12	.12	.12	.12	.12
Hawaii*	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Idaho	.18	.18	.18	.18	.18	.091	.091	.091	.091	.091	.091
Illinois+	.30	.30	.30	.20	.20	.20	.12	.12	.12	.12	.12
Indiana	.155	.155	.155	.155	.155	.105	.105	.105	.105	.105	.105
Iowa	.36	.31	.31	.34	.36	.26	.18	.18	.18	.13	.13
Kansas	.24	.24	.24	.24	.24	.24	.16	.16	.11	.11	.11
Kentucky*	.03	.031	.031	.03	.03	.03	.03	.03	.03	.03	.03
Louisiana	.20	.20	.16	.16	.16	.16	.16	.16	.11	.11	.11
Maine	.37	.31	.31	.28	.28	.28	.20	.20	.16	.16	.16
Maryland	.16	.13	.13	.13	.13	.13	.13	.13	.13	.13	.10
Massachusetts*	.26	.26	.26	.26	.26	.26	.26	.26	.21	.21	.21
Michigan	.25	.25	.25	.25	.21	.21	.21	.21	.21	.11	.11
Minnesota	.43	.38	.38	.38	.38	.39	.23	.18	.18	.18	.18
Mississippi*	.18	.18	.18	.18	.18	.18	.11	.11	.11	.11	.11
Missouri	.13	.13	.13	.13	.13	.13	.13	.13	.09	.09	.09
Montana	.18	.18	.16	.16	.16	.16	.16	.16	.12	.12	.12
Nebraska	.27	.27	.27	.27	.27	.23	.18	.18	.18	.13	.13
Nevada	.35	.35	.35	.20	.20	.15	.15	.15	.10	.10	.10
New Hampshire	.25	.25	.21	.17	.17	.17	.17	.17	.12	.12	.12
New Jersey+	.40	.40	.27	.27	.27	.25	.25	.25	.24	.19	.19
New Mexico	.15	.15	.15	.15	.15	.15	.12	.12	.12	.12	.12
New York	.39	.39	.33	.21	.21	.21	.21	.21	.15	.15	.15
North Carolina	.05	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02
North Dakota	.29	.30	.30	.27	.27	.18	.18	.18	.12	.12	.11
Ohio	.18	.18	.18	.18	.18	.14	.14	.14	.14	.15	.15
Oklahoma	.23	.23	.23	.23	.25	.15	.18	.18	.18	.18	.13
Oregon	.28	.28	.27	.27	.27	.27	.19	.19	.19	.09	.09
Pennsylvania	.31	.18	.18	.18	.16	.18	.18	.18	.18	.18	.18
Rhode Island	.37	.37	.37	.27	.25	.25	.234	.23	.23	.18	.18
South Carolina	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07
South Dakota	.23	.23	.23	.23	.23	.23	.23	.15	.15	.14	.12
Tennessee*	.13	.13	.13	.13	.13	.13	.13	.13	.13	.13	.13
Texas	.41	.41	.26	.26	.205	.205	.195	.185	.185	.185	.185
Utah*	.23	.23	.23	.23	.23	.12	.12	.12	.12	.10	.08
Vermont*	.18	.17	.17	.17	.17	.17	.17	.17	.12	.12	.12
Virginia+	.025	.025	.025	.025	.025	.025	.025	.025	.025	.025	.025
Washington*	.34	.34	.31	.31	.31	.31	.23	.23	.208	.16	.16
West Virginia	.17	.17	.17	.17	.18	.17	.17	.17	.17	.17	.17
Wisconsin*	.30	.30	.30	.30	.25	.25	.25	.25	.25	.16	.16
Wyoming	.12	.12	.12	.18	.08	.08	.08	.08	.08	.08	.08

+ Local taxes *may be* additional.
 *State Notes

- Hawaii** Tax is 40% of wholesale price. On a per unit basis. Hawaii's tax is 50¢ per pack.
- Kentucky** Plus an additional .1¢ tax on each pack.
- Massachusetts** The tax rate is increased by any amount by which the federal excise tax on cigarettes is less than 8 mills.
- Mississippi** If the federal cigarette tax is reduced, the state rate will be increased by the amount of the federal tax burden.
- Tennessee** An additional 5¢ per pack is imposed on dealers and distributors.
- Utah** If the federal cigarette tax is reduced, the state rate will be increased by the amount of the federal tax burden.
- Vermont** Effective January 1, 1992, the tax is \$19 per pack and effective July 1, 1992, the tax is \$20 per pack.
- Washington** Tax reduced to \$31 per pack on July 1, 1995.
- Wisconsin** An additional tax of \$16 per pack of 20 cigarettes is imposed minus the federal cigarette tax.

Source: ACTR staff compilation from Con

state tax rates

STATE SMOKELESS TOBACCO EXCISE TAXESCHEWING TOBACCO AND SNUFF

STATE	TAX	STATE	TAX
AL	Tax based on weight ¹	MO	NONE
AK	25% of wholesale price	MT	2.5% of wholesale price
AZ	\$.02/ounce	NE	15% of purchase price
AR	16% of manuf. inv. price	NV	30% of wholesale price
CA	41.76% of wholesale price	NH	NONE
CO	20% of manuf. price	NJ	24% of wholesale price ¹
CT	NONE	NM	25% of wholesale price
DE	15% of wholesale price	NY	15% of wholesale price
DC	NONE	NC	NONE
FL	25% of wholesale price	ND	20% of wholesale price
GA	NONE	OH	NONE
HI	40% of wholesale price	OK	30% of wholesale price
ID	35% of wholesale price	OR	35% of wholesale price
IL	NONE	PA	NONE
IN	15% of wholesale price	RI	NONE
IA	19% of wholesale sales price	SC	5% of manuf. price
KS	10% of wholesale price	SD	NONE
KY	NONE	TN	6% of wholesale price
LA	NONE	TX	37.13% of manuf. price ¹
ME	45% of wholesale price	UT	35% of manuf. sales price
MD	NONE	VT	20% of distributor price
MA	25% of wholesale price	VA	NONE
MI	NONE	WA	64.9% of wholesale price
MN	35% of wholesale price	WV	NONE
MS	15% of manuf. list price	WI	20% of wholesale price
		WY	NONE

¹Chewing Tobacco: 3/4 cents/ounce or fraction thereof.

- Snuff:
- (a) 5/8 ounces or less, 4 cent;
 - (b) Over 5/8 ounce not exceeding 1 5/8 ounces, 1 cent;
 - (c) Over 1 5/8 ounces, not exceeding 2 1/2 ounces, 2 cents;
 - (d) Over 2 1/2 ounces, not exceeding 3 ounces; 2 1/2 cents;
 - (e) Over 3 ounces, not exceeding 5 ounces (cans, packages, gullets), 3 cents;
 - (f) Over 3 ounces, not exceeding 5 ounces (glasses, tumblers, bottles), 3 1/2 cents;
 - (g) Over 5 ounces, not exceeding 6 ounces, 4 cents;
 - (h) One cent additional tax for each ounce or fraction thereof over 6 ounces.

Effective July 1, 1990

SOURCE:

State Departments of Revenue, Bureaus of Tobacco and Miscellaneous Taxes.

SEPTEMBER

Questions and Answers About Taxes

Whenever a cigarette excise tax is proposed or even considered, questions arise over certain issues. Regressivity, crime, smuggling, smokeless tobacco products, declining revenues, and the fate of the tobacco farmer are the topics that arise most frequently. The following responses have been researched to address these issues.

Are tobacco taxes regressive?

Taxes are considered regressive when they fall most heavily on people least able to pay. To the extent that people with lower incomes already smoke more, the cost of cigarettes, with or without a tax, represents a higher portion of their income. The higher smoking rates among the poor mean that the resulting disease and death rates are also higher in this group—the people least able to afford them—than among those with more education and income. Tax increases, rather than seducing people into smoking, help them quit or not begin by raising the price to unaffordable levels. The real burden to the poor comes not only from the cost of tobacco but from the health consequences of addiction to cigarettes.

People who use tobacco, regardless of their income level, also use more health services. The United States Office of Technology Assessment reports that cigarette smoking was responsible for \$22 billion in health

care costs and \$43 billion in lost productivity in the US in 1985. A tobacco tax is more like a user's fee.

Although the costs of growing tobacco and producing cigarettes have declined in recent years, tobacco companies have raised prices to maintain and increase their profits without consideration for their low-income smokers. During the 1980s, US tobacco company profits soared as a result of price hikes, while the number of packages sold declined, from 31.575 billion in 1980 to 26.665 billion in 1989. A package of US cigarettes averaged 61.4¢ in 1980 and \$1.44 by 1988.

Economists have shown that if the

price of cigarettes is too high, fewer children will start to smoke. A 20¢ tax increase is likely to result in 500,000 fewer teenage smokers, according to a 1989 report of the US General Accounting Office. Thus, a cheap tobacco policy means the problem will merely be perpetuated for another generation.

Cigarette taxes that are earmarked for health education, counter-advertising, medical research on tobacco-related diseases, physician payments for low-income patients, and other services actually offer more benefits to the poor (who smoke more and use more of the services of health systems) than to those with higher incomes.

MARGULIES
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Questions and Answers

Doesn't increasing tax on every package of cigarettes discriminate unfairly against minority smokers?

As smoking has declined among the more affluent and well-educated, tobacco companies have not chosen to recapture this market. Instead, they've gone after women and minorities, populations they consider more likely to succumb to their messages. Higher taxes are a way of offsetting the tobacco industry's recruitment efforts among minorities and women since higher cigarettes prices can discourage smoking.

Will a tax increase cause smuggling?

The tobacco industry plays up the problem of smuggling, as was particularly evident in its unsuccessful effort to prevent the large tobacco tax increase in California. But even with large differences in taxes between states, there are few recent reports of illegal sales across state lines in the United States. For example, in 1988 the tax on cigarettes in New Jersey was 27¢ per pack and that of nearby Virginia only 2.5¢ a pack, a difference of 24.5¢. Yet smuggling between the two states was not considered a problem by the director of the New Jersey Division of Taxation. In fact, the New Jersey legislature upped its tax another 13¢ in July 1990, effectively widening the gap between their state's cigarette taxes and Virginia's.

The federal Contraband Cigarette Act of 1977 made it a federal offense to smuggle cigarettes from state to state and imposed strict bookkeeping requirements on producers and distributors. The law has been extremely effective in stopping over-the-road smuggling, according to a government report published in 1985.

Prominent marking of packages to

show payment of tax and significant penalties for smuggling activities can discourage smuggling. It has also appeared that jurisdictions with high tobacco tax can successfully bring pressure on low-tax neighbors to adjust their tobacco tax policy.

Will an increase in tobacco tax cause more crime?

Tobacco industry advertising during the campaign to raise the cigarette tax in California emphasized that crime would increase because of the smuggling of lower-priced cigarettes from other states. The police would spend so much time chasing cigarette smugglers they wouldn't be able to enforce other laws. The ads showed how an outbreak of gang warfare would begin if the tax were increased. The industry had discovered that fear of crime, especially gang violence, was a cause of concern among California voters and so it attempted to link the tax increase with this concern. However, there has been little evidence of a tobacco-related crime increase in California since the tax rose 250%.

The real crime is the illegal sale of cigarettes to children in many areas. A recent study showed that in the United States, about 3% of tobacco profits—\$221 million in 1988—derived from sales to children, even though selling cigarettes to minors is illegal in 43 states. An increase in the price of cigarettes would reduce illegal sales to children.

Should smokeless tobacco be taxed?

"Smokeless tobacco" refers to moist snuff (finely shredded leaf held in the mouth and then spit out) and chewing tobacco (coarser tobacco which may also be held in the mouth, and is chewed and then spit). "Smoke-

less" is a term the tobacco industry likes because it connotes cleanliness and safety, two qualities lacking in these forms of tobacco, which cause both increased spitting and cancer of the mouth, throat, and neck. Moreover, smokeless forms of tobacco deliver more nicotine than cigarettes and are more addictive than cigarettes.

Use of smokeless tobacco was on the decline in the US but has increased during the past 20 years, mainly among adolescent boys. Although spitting tobacco is no longer advertised on radio or television in the United States, tobacco companies aggressively promote the products, with heavy emphasis on sampling.

Most jurisdictions have not kept up with the increase in use by taxing smokeless tobacco products or raising extremely low existing taxes. Smokeless forms of tobacco are taxed at very low rates nationally in the United States and not at all in a few states and some countries. Yet children are more likely than adults to quit using any form of tobacco after a price increase, possibly because their habits are less ingrained and they have less disposable income. An increased tax would prevent many children from taking up this increasingly popular and dangerous practice.

Won't it cost more to impose a tax on other tobacco products than the tax could bring in?

States in the US that tax other tobacco products have found the administrative costs to be very low. For example, in 1989, the Florida Department of Taxation reported that its administrative expenses for collection of the tax was 0.04% of the revenue collected; Indiana reported costs of 0.28%.

A tax on other forms of tobacco ends the double standard of taxation of tobacco products and discourages use of smokeless tobacco among the young.

Is a tax on smokeless tobacco products difficult to administer?

The tobacco industry may point to all the different sizes, shapes, and types of containers for smokeless tobacco products to prove that it is impossible to place stamps on these products that show a tax has been paid. Actually, stamps are unnecessary. States tax by taking a percentage of the price of smokeless tobacco products somewhere between manufacturer and market. (See table, page 10.) Based on this method, collecting the tax should not be a problem. An informal survey of tobacco distributors by the Ohio Division of the American Cancer Society found that none had difficulty reporting the tax.

If increased taxes on cigarettes cause fewer people to smoke, won't revenue go down?

The price of a package of cigarettes has the greatest impact on the decision of a child to smoke. Since in most areas, sale of cigarettes to children is illegal anyway, does the state want to make money from illegal sales to them?

Most states have found that a substantial increase in the tax will bring in a proportional increase in revenue even as the number of packages of cigarettes sold declines. Since the decline in number of smokers occurs gradually over time, any drop in tax-generated revenues will also take place slowly.

The prices of cigarettes have increased because tobacco companies

and retailers have taken greater proportions of each dollar of cigarettes sold while governments have seen their percentage of revenue from cigarettes decrease. In 1978, US federal excise taxes accounted for 15% of the price of a pack of cigarettes, while state and local excise taxes made up another 23%. In 1988, federal taxes made up 13% and state and local taxes 14% of the retail price of cigarettes.

What about tobacco farmers? Won't they be displaced if excise taxes reduce cigarette consumption?

In the United States, taxes now go to support farmers who grow tobacco. Earmarked taxes on cigarettes could help the same farmers switch to other crops, as the Tobacco Use in America conferees recommended in 1989.

Tobacco growing has been decreasing steadily in the United States, even before the first Surgeon General's report warned of the dangers of smoking. In 1950, almost 1.6 million acres of tobacco were grown; by 1987, the number of acres had declined to 602,000. This gradual decline means that fewer children of tobacco farmers will follow their parents into tobacco farming, as economist Kenneth Warner has observed, rather than that many current farmers will be immediately displaced.

Although tobacco companies claim to champion tobacco farmers, American cigarettes now contain less domestic tobacco than they did 15 years ago. Tobacco companies have invested money in teaching farmers in other countries, including Brazil and Zimbabwe, how to grow high-quality tobacco, which the companies can buy for less than that grown in the US.

The political base of the tobacco

industry is in tobacco-growing areas, but farmers are not the major recipients of industry wealth. While farmers earned \$1.9 billion for their crop in 1987, the advertising industry received \$2.58 billion that year.

Acknowledgments

Much of the research for these questions and answers was developed by panelists of a seminar on excise taxes at the Countdown 2000 Conference, Sept. 1990, sponsored by Tobacco-Free America. Panelists were Jonathan Ratner, PhD, US General Accounting Office; Michael Dany, Vice President of Programs, Texas Division of the American Cancer Society; Mary Sandberg, Associate Director of Public Issues of the California Division of the ACS; Mary Crane, Legislative/Regulatory Representative of the American Heart Association, Washington, DC; and Susan Schoenmarklin, Director of Governmental Affairs for the Ohio Division of the ACS. Susan Schoenmarklin reviewed the responses and contributed her own research on taxes on smokeless tobacco products. Greg Connolly, LMD, of the Massachusetts Department of Public Health, investigated tobacco industry sales and profits throughout the 1980s. 🌐

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Risk M

Post-It™ brand fax transmittal memo 7671 # of pages 1

To	Fr
Co.	Co.
Dept.	
Fax #	

Smoke Screens: Why You Should Limit Smoking In The Workplace

Since the early 1980s, smoking has become less and less acceptable in public places. Today, nearly one-third of American companies have either banned or limited smoking in the workplace.

Following are some good reasons to implement a no-smoking policy in your company:

1. Reduced illness and death rates among smokers. Smoking accounts for more than one in six deaths in the U.S. today. Smokers are nearly three times more likely to suffer a stroke, the third leading cause of death in the U.S. Smokers are more than 1,000 times more likely to die of lung cancer than non-smokers. And they are 200 percent more likely to die of heart

These statistics are bad news not only for smokers, but for their employers as well. Smoking causes 80 million lost work days a year, which costs employers between \$300 and \$6,000 a year per smoker. The Office of Technology Assessment determined that smoking cost employers \$38 to \$95 billion a year in the form of lost productivity and health care costs.

Smoking makes a big difference in your group medical insurance rates. If you have a workforce that's predominantly composed of smokers, your claims experience will probably be much worse than that of a similar company whose workers don't smoke. Bad claims experience lead to higher group insurance premiums.

2. Reduced illness rates among non-smokers. There's been a lot of publicity lately about the dangers of "second-hand smoke" Unfortunately, these dangers aren't exaggerated. Non-smokers may actually be exposed to twice as much tar and nicotine as smokers, since "environmental" smoke, or the combination of smoke from burning tobacco and exhaled smoke, contains twice as much of these dangerous chemicals as inhaled smoke.

Environmental smoke irritates the eyes, nose, and throat. It may also raise blood pressure and heart-beat and contribute to such diseases as lung and throat cancer, emphysema, bronchitis, and stroke. In addition, employees who are exposed to combustible or

experience increased illness and disease when environmental smoke is also present.

3. Improved morale. Because smoking is so irritating to many non-smokers, production may actually suffer in smoky conditions.

4. Reduced accident rates. Employees who smoke have twice as many job-related accidents as non-smokers. Perhaps the act of smoking distracts smokers from their jobs.

5. Improved safety. Carelessly disposed cigarettes or falling ashes often trigger fires or property damages, such as burnt carpeting.

news clippings

STILL SMOKING?

Here's what it's costing Alaska to support your habit...

According to our department's Section of Epidemiology, smoking continues to be a very expensive habit in Alaska.

The health impacts of smoking have been known for decades. The U.S. Surgeon General's office first released its findings on smoking and health almost 30 years ago.

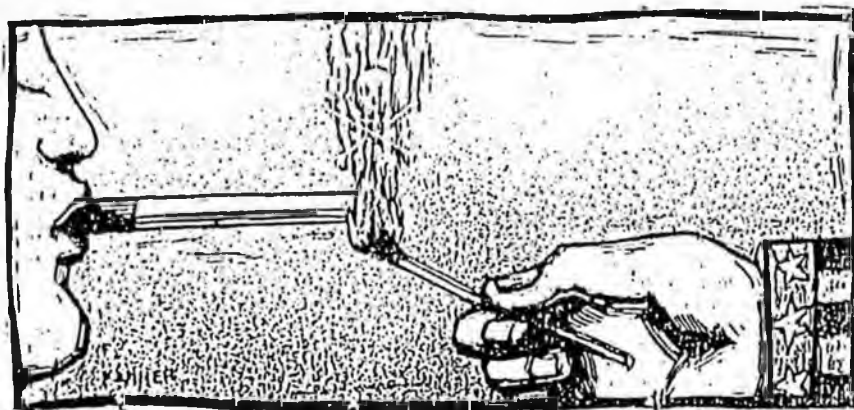
Some 20 years ago the federal government banned cigarette advertising from the nation's airwaves. The American Cancer Society, the American Lung Association, and a myriad of other health groups have worked for years to eliminate smoking from workplaces, airlines, restaurants, and other public areas. The effects of "secondary" smoke have become well documented and publicized.

Despite all efforts, it is estimated that in 1989 the cost of smoking for

for Alaskans over the age of 35 was \$83.2 million. That figure, enough to operate the University of Alaska Anchorage for nearly two full years, includes more than \$34 million for direct costs (prevention, detection, treatment, etc.), more than \$38 million in costs due to smoking deaths (lost income due to premature deaths caused by smoking), and nearly \$11 million in lost earnings and productivity by those Alaskans disabled by smoking-related diseases.

What does it mean to you? The cost for every Alaskan over the age of 35 in 1989 was more than \$170 per person. For many Alaskans, that's equal to a car payment or a big part of a monthly food or rent bill and is something to think about the next time you light up. ♦♦

Studies ignore one terrible effect of tobacco



CATHERINE MAHIER / Los Angeles Times

CHICAGO — When Joyce Brothers' young grandchildren asked her why their beloved grandfather, a well-known physician, had died, she considered and rejected several possible answers.

She didn't want to say "because he was old," lest they fear they would lose other older members of their family. Besides, Milton Brothers was only 62.

She couldn't say "because he was sick," lest her grandchildren worry every time they or their parents became ill.

She didn't want to stumble into the theological quagmires of answers of the God-took-him type.

So the grieving psychologist/author told her grandchildren the truth. "He died because he smoked too much."

That was the truth. And it is a fact millions of children must face when they lose parents and grandparents to the most

TO SPEAK

common, preventable cause of death in the United States. Milton Brothers, who wouldn't, couldn't stop smoking despite his medical knowledge about the hazards of cigarettes, died of a smoking-related cancer after a long and difficult illness.

In her book, "Widowed," Joyce Brothers describes the weary, lonesome, devastating effect her husband's terminal illness and death had on her own life. No woman, she says, should be pushed into widowhood by cigarettes.

The deadly effects of second-hand smoke are increasingly being recognized. Last week, a new study concluded that living with a husband who smokes increases a woman's chances of getting lung cancer by

Please see Page F-6, LOST LOVED ONES

LOST LOVED ONES: Medical studies ignore one terrible effect of tobacco

Continued from Page F-1

30 percent. It also found higher risks for people exposed to the cigarette smoke of others in work places and social settings.

Such accumulating research has accelerated efforts to make more work places smoke-free, to enlarge non-smoking areas of restaurants, to ban smoking on all but long airline flights. Most hospitals are going smoke-free, not only to speed the recovery of patients but to protect the health of medical personnel.

Forty-five states now have laws restricting smoking in public places, the Journal of the American Medical Association reported last month, in an issue devoted to health problems caused by tobacco. Thirty-nine states have laws restricting the use of tobacco in schools.

Second-hand smoke (also called "environmental tobacco smoke," or ETS) is even becoming an issue in some divorces. Courts

in several states have taken into account the effects a parent's smoking can have on a child's health in making decisions about custody.

But there's one terrible effect of tobacco that has gone unreported and unstudied by the medical journals, commissions, doctors and government agencies. That is the stress and anxiety smoking creates in the lives of those who love smokers and the grief it causes them when smokers die prematurely.

If smoking kills 435,000 people every year, how many spouses does that bereave? How many millions of people are growing old alone because a partner wouldn't, couldn't stop smoking? A majority of them are women, faced with the statistical likelihood of a decade or more of loneliness in a society that is not particularly kind to widows.

How many caring spouses, anxious not to be left alone, try and fail to persuade a smoker to give up the stinking, slow sui-

cide? Do you nag, plead, threaten, beg, offer rewards? Do you enlist the children and risk family tensions? How will they feel if they fail, too? Do you look for help to friends, physicians, videos, nicotine patches, gum, clinics, counselors?

Do you force yourself to recognize the truth a doctor points out, that you can't change a smoker who doesn't want to quit, that he must decide for himself, that you risk driving a widening wedge between the two of you that may even turn your marriage into ashes?

Or do you listen to the physician who tells you to keep trying whatever you can think of, that you never know what might eventually be the successful persuasion.

Or do you pretend you don't care? Can you convince yourself that this is so? Can you turn the newspaper pages and TV channels fast enough to shut out the newest studies, the accumulating data?

How do you live with the stress that

comes from listening to a smoker you love cough a night? How do you stop worrying about sudden death from a heart attack or slow demise from cancer? How do you stand the smell that smells like death and sets off agonies of anxiety and stress?

And afterwards, after the worst has happened, how do you live with the guilt and the feeling that somehow, some way you should have been able to exorcise the demon? How do you go on, alone?

Enough studies to fill a dozen cemeteries now document beyond any doubt the killing effects of tobacco on those who use it. The hazards of second-hand smoke on others are also clear. But the toll of stress, anxiety and bereavement must also be added to the fearful price this country pays for cigarettes.

Joan Beck is a columnist for the Chicago Tribune.

HB

5



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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January 28, 1991

To: Representatives Carney & Lincoln; Co-Chairs
Members, House HESS Committee

Re: HB 5; "An Act making appropriations to the
Department of Education for K-12 support and
school construction debt retirement; and
providing for and effective date."

NEA-Alaska commends the sponsor and the Committee for the expeditious attention which is being given to this critical legislation. We support it and encourage that it be passed and quickly signed into law.

We also strongly encourage that the Committee give serious consideration during the current legislative session to the concerns which we have raised in the attached issue paper.

Through financial support we must recognize and acknowledge the increasing need and expectation which our society places on public education.

We are asking that more of our social problems be solved in the public schools. Changes in family structure and function place increasing burdens on public education. Students must be better prepared for a constantly changing work environment.

If we are to be collectively successful in meeting all of these changing needs and expectations we must not only re-allocate our human resources, we must also increase the level of our financial resources.

The early appropriation for 91-92 must happen soon so that critical planning will take place and the potential for continuity in critical programs and services is enhanced.

An additional appropriation, this year, will be necessary if we are to better meet the needs which already exist.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

cc: Representative Ellis



• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

POSITION STATEMENT

HOUSE BILL 5

"AN ACT MAKING APPROPRIATIONS TO THE DEPARTMENT OF EDUCATION FOR K-12 SUPPORT AND SCHOOL CONSTRUCTION DEBT RETIREMENT; AND PROVIDING FOR AN EFFECTIVE DATE."

The Alaska Council of School Administrators supports full entitlement for education under the language of HB5.

We believe and recognize it is the responsibility of the State of Alaska as stated in the Alaska Constitution to provide education to all children of Alaska. This can only be accomplished through fully funding the entitlement programs stated in HB 5.

We remember the severe reduction in school funding 5 years ago and the continued responsibility placed on local districts to increase funding to keep up with inflation, increase costs of retirement and health insurance costs as well as costs this past year for fuel.

We recognize there are deficiencies within the current formula which are being addressed by other legislation and encourage this legislature to continue examining them and providing solutions.

Based on information collected to date regarding the future levels of funding for education, full entitlement is the minimum districts need to bring stability and continuity to their educational programs.

The Alaska Council of School Administrators wishes to express our appreciation to the sponsors of HB 5 for recognizing the continued need for full appropriation of funding for the education programs in Alaska.



Official Business

Alaska State Legislature

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Rep. Pat Carney, Co-Chair HESS Committee
Rep. Georgianna Lincoln, Co-Chair HESS Committee

FROM: Rep. Johnny Ellis, Chair *JE*
House Rules Committee

RE: HB 5

DATE: January 29, 1991

Thank you for scheduling HB 5 for such an early hearing. As education is a top priority for nearly all legislators, I am hoping we can get this "early funding" bill through committee and up for a vote on the floor as quickly as possible.

House Bill 5 combines two education ideals: early funding and full funding. As an appropriation measure separate from the budget, HB 5 can provide state funding for K-12 support and for school construction *earlier* in the session. This is critical for timely school district budgeting.

House Bill 5 provides full funding for the foundation program, pupil transportation and school debt reimbursement. Full funding for education programs is supported by many legislators. Constituents are clear that they do not want education cut and that legislators should live up to their constitutional obligation for education.

The words "full funding" are not meant to imply that this amount is the "ideal" amount for education. Rather, full funding is the terminology used for achieving the three statutory requirements relating to education funding.

1. Meet the instructional unit value for the foundation program, at the \$60,000 unit value.
2. Meet the pupil transportation contract requirements.
3. Meet the state's obligation for school construction debt retirement.

Once again, thanks for scheduling HB 5. I'm looking forward to working with you on HESS issues.

Representative Johnny Ellis — Early Funding For Education Budget

	A	B	C	D	E
1					
2					
3	HB 5				
4		FY 91 Full	FY91 Authorized	FY92 Hickel	FY92 Full
5	Foundation Program	526,467,100	505,425,100	495,266,900	541,746,200
6	Pupil Transportation		24,737,000	22,931,200	28,572,000
7	Debt Reimbursement		116,688,600	108,170,300	128,930,687

ALASKA DEPARTMENT OF EDUCATION				
FY 92 PROJ FOUNDATION BASED UPON APPROPR. OF \$495,266,900 STATE GF				
PREPARED 1/22/91				
	COLUMN A	COLUMN B	COLUMN C	COLUMN D
	FY92	PROJ 92		
	STATE AID	STATE AID	COLUMN A	PERCENT OF
	FULL 100%	BASED ON APP	LESS	COLUMN B
	ENTITLEMENT	OF \$495,266.9	COLUMN B	TO COLUMN A
ADAK	\$2,173,342	\$1,862,389	\$310,953	85.69%
ANNEYTE ISLANDS	1,305,462	1,127,763	\$177,699	86.39%
NORTH SLOPE	8,057,882	7,138,734	\$919,148	88.59%
VALDEZ	2,699,117	2,407,913	\$291,204	89.21%
BRISTOL BAY	1,663,201	1,492,252	\$170,949	89.72%
NORTHWEST ARCTIC	11,464,556	10,313,997	\$1,150,559	89.96%
LOWER YUKON	9,908,488	8,940,576	\$967,912	90.23%
UNALASKA	1,668,678	1,508,715	\$159,963	90.41%
CHATHAM	2,556,923	2,312,807	\$244,116	90.45%
KENAI	39,335,955	35,609,300	\$3,726,655	90.53%
KASHUNANIUT	1,390,596	1,261,494	\$129,102	90.72%
PRIBILOF	1,415,689	1,284,490	\$131,199	90.73%
KEYCHIKAN	10,378,089	9,416,508	\$961,581	90.73%
BERING STRAIT	12,719,470	11,546,478	\$1,172,992	90.78%
ALEUTIANS EAST	2,916,674	2,647,819	\$268,855	90.78%
SITKA	6,305,158	5,726,021	\$579,137	90.81%
SKAGWAY	822,752	748,662	\$74,090	90.99%
YUPIIT	3,503,802	3,192,094	\$311,708	91.10%
DILLINGHAM	2,915,918	2,657,503	\$258,415	91.14%
JUNEAU	20,626,989	18,801,818	\$1,825,171	91.15%
SOUTHWEST	5,029,342	4,584,800	\$444,542	91.16%
GALENA	1,202,673	1,098,183	\$104,490	91.31%
KODIAK	11,967,600	10,928,575	\$1,039,025	91.32%
ANCHORAGE	162,149,942	148,082,762	\$14,067,180	91.32%
KAKE	1,036,056	946,242	\$89,814	91.33%
CORDOVA	2,265,566	2,069,292	\$196,274	91.34%
YUKON/KOYUKUK	5,421,496	4,954,773	\$466,723	91.39%
DELTA/GREELY	4,244,749	3,879,958	\$364,791	91.41%
PETERSBURG	3,051,475	2,790,167	\$261,308	91.44%
FAIRBANKS	60,237,647	55,143,823	\$5,093,824	91.54%
HAINES	2,258,312	2,068,285	\$190,027	91.59%
LOWER KUSKOKWIM	27,763,760	25,434,297	\$2,329,463	91.61%
IDITAROD	4,386,121	4,025,523	\$360,598	91.78%
WRANGELL	2,603,887	2,391,134	\$212,753	91.83%
MAT-SU	42,994,356	39,498,484	\$3,495,872	91.87%
SOUTHEAST	5,096,142	4,684,222	\$411,920	91.92%
LAKE AND PENINSU	5,474,080	5,033,354	\$440,726	91.95%
HOONAH	1,405,719	1,293,808	\$111,911	92.04%
ALEUTIAN REGION	680,468	626,923	\$53,545	92.13%
CHUGACH	1,421,776	1,309,907	\$111,869	92.13%
KLAWOCK	1,290,491	1,189,607	\$100,884	92.18%
NOME	4,913,430	4,529,435	\$383,995	92.18%
ALASKA GATEWAY	4,346,718	4,007,253	\$339,465	92.19%
YUKON FLATS	4,788,884	4,416,629	\$372,255	92.23%
KUSPUK	4,684,283	4,371,421	\$312,862	92.25%
CRAIG	2,138,924	1,974,684	\$164,240	92.32%
YAKUTAT	1,157,318	1,068,510	\$88,808	92.33%
PELICAN	561,341	518,321	\$43,020	92.34%
TANANA	1,168,693	1,079,340	\$89,353	92.35%
ST. MARY'S	1,304,147	1,208,421	\$95,726	92.66%
COPPER RIVER	5,087,336	4,715,627	\$371,709	92.69%
HEMANA	1,503,966	1,394,319	\$109,647	92.71%
HYDABURG	981,799	910,476	\$71,323	92.74%
MAILBELT	3,013,707	2,800,283	\$213,424	92.92%
OT SCHOOLS	531,460,945	484,976,171	46,484,774	
DGC/CCS=	10,285,221	10,285,221	0	
RAND TOTAL	541,746,166	495,261,392	46,484,774	

Foundation
Program :

Full vs.

Gov. proposed

For FY92

HOUSE COMMITTEE REPORT

(7) Date Referred: January 21, 1991 FURTHER REFERRALS: Finance

Date of Committee Action: _____

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 5

HOUSE BILL NO. 5 APPROP: K - 12 SUPPORT AND CONSTR. DEBT

"An Act making appropriations to the Department of Education for K - 12 support and school construction debt retirement; and providing for an effective date."

RECOMMENDATIONS: [] the same title
be replaced with CS HB 5(HESS) [] a new title
[] have attached amendments(s)

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

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
[] fiscal impact _____ [] fiscal note(s) _____
[] zero fiscal note _____ [] zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Table with 4 columns: Name, Check appropriate column:, Do Not Pass, No Rec, Amend. Rows include signatures of Cheryl Davis, Mary Miller, and John C. Longabaugh.

Chairman's Signature

CS FOR HOUSE BILL NO. 5 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Introduced:

Referred:

Funding Information:	General Fund	\$689,011,887
	Other Funds	<u>45,723,000</u>
		\$734,734,887

Sponsor(s): REPRESENTATIVES ELLIS, Bruckman, Carney, Parnell, B.Davis, Ulmer, MacLean

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations to the Department of Education for K - 12 support and
2 school construction debt retirement; and providing for an effective date."

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

4 * Section 1. The sum of \$605,804,200 is appropriated from the general fund and from other funds
5 in the amount listed to the Department of Education for the purposes expressed and allocated in the
6 amounts listed for operating expenditures for the fiscal year ending June 30, 1992:

7	FUND SOURCE	AMOUNT
8	General fund	\$560,081,200
9	Public school trust fund (AS 37.14.110)	7,499,000
10	School fund (AS 43.50.140)	2,500,000
11	P.L. 81-874	20,624,000
12	Federal receipts other than	
13	P.L. 81-874	15,100,000
14	PURPOSE	ALLOCATION AMOUNT

WORK DRAFT

WORK DRAFT

WORK DRAFT

1	Foundation program	\$541,746,200
2	Student lunch program	15,000,000
3	Cigarette tax distribution	2,500,000
4	Tuition students	13,878,500
5	Boarding home grants	230,000
6	Youth in detention	800,000
7	Schools for the handicapped	3,077,500
8	Pupil transportation	28,572,000

\$128,930,687

9 * Sec. 2. The sum of \$128,930,687 is appropriated from the general fund to the Department of

10 Education for the school construction account (AS 14.11.100(c)) for the fiscal year ending June 30, 1992.

11 * Sec. 3. This Act takes effect July 1, 1991.

SCHOOL CONSTRUCTION DEBT RETIREMENT - FY92 ESTIMATED STATE AID

UPDATED 1/25/91

School Debt FY92

	100%	90%	80%	90%	80%	80%		ESTIMATED	FY92 GOVERNOR'S PROPOSAL	
	BOND SALES	BOND SALES	ESTIMATED	BOND SALES	BOND SALES	NEW BONDS	LESS	TOTAL DEBT	\$108,170,300	
	PRE 7/1/77	7/1/77 TO	CASH PAYMENT	1/1/82 TO	7/1/83 TO	ISSUES SOLD	CIG. TAX	RETIREMENT	LESS CIP OVERHEAD	COLUMN 17
		1/1/82		7/1/83	PRESENT	FY92	PAID IN	BY DISTRICT	\$107,770,300	LESS
11 SCHOOL DISTRICTS	2YR LAG	2YR LAG	2YR LAG	CURRENT PAY	CURRENT PAY	AID EST.	FY90	FOR FY92	ENTITLEMENT PRORATED AT	COLUMN 18
									83.55185272%	
13 ALEUTIANS EAST	\$0	\$0	\$4,636	\$0	\$0	\$66,938	(\$16,133) !	\$55,441	\$46,322	\$9,119
14 ANCHORAGE	\$7,705,136	\$1,416,582	\$3,227,179	\$11,809,143	\$8,328,522	\$1,164,208	(\$1,090,942) !	\$32,559,828	\$27,204,339	\$5,355,489
15 BRISTOL BAY	\$0	\$376,983	\$305,180	\$0	\$0	\$0	(\$12,983) !	\$669,180	\$559,112	\$110,068
16 CORDOVA	\$0	\$0	\$51,388	\$0	\$0	\$0	(\$18,003) !	\$33,385	\$27,894	\$5,491
17 FAIRBANKS	\$1,770,955	\$0	\$2,196,879	\$8,306,802	\$3,208,580	\$0	(\$375,877) !	\$15,107,339	\$12,622,462	\$2,484,877
18 GALENA	\$0	\$0	\$15,304	\$0	\$0	\$0	(\$10,117) !	\$5,187	\$4,334	\$853
19 HAINES	\$91,163	\$0	\$49,222	\$0	\$0	\$0	(\$16,189) !	\$124,196	\$103,768	\$20,428
20 JUNEAU	\$318,495	\$332,316	\$389,644	\$5,527,809	\$838,815	\$1,880,000	(\$134,697) !	\$9,152,382	\$7,646,985	\$1,505,397
21 KENAI	\$699,185	\$0	\$1,488,668	\$13,950,090	\$8,619,902	\$0	(\$236,875) !	\$24,520,970	\$20,487,725	\$4,033,245
22 KETCHIKAN	\$433,193	\$0	\$0	\$2,393,631	\$1,513,920	\$0	(\$75,556) !	\$4,265,188	\$3,563,643	\$701,545
23 KODIAK	\$1,412	\$0	\$63,587	\$1,085,441	\$1,096,000	\$0	(\$69,757) !	\$2,176,683	\$1,818,659	\$358,024
24 LAKE & PENNINSULA	\$0	\$0	\$128,819	\$0	\$0	\$0	(\$16,016) !	\$112,803	\$94,249	\$18,554
25 MAT-SU	\$1,883,163	\$0	\$0	\$7,307,267	\$11,313,970	\$0	(\$242,437) !	\$20,261,963	\$16,929,245	\$3,332,718
26 MENANA	\$0	\$0	\$28,487	\$0	\$0	\$0	(\$11,463) !	\$17,024	\$14,224	\$2,800
27 NOME	\$0	\$0	\$299,534	\$120,570	\$607,315	\$0	(\$27,016) !	\$1,000,403	\$835,855	\$164,548
28 NORTH SLOPE	\$0	\$30,341	\$0	\$3,423,482	\$5,430,117	\$0	(\$40,696) !	\$8,843,244	\$7,388,694	\$1,454,550
29 PETERSBURG	\$285,200	\$0	\$394,033	\$280,602	\$212,474	\$0	(\$24,464) !	\$1,148,045	\$959,213	\$188,832
30 SITKA	\$362,637	\$0	\$0	\$0	\$1,843,433	\$0	(\$52,496) !	\$2,153,574	\$1,799,351	\$354,223
31 UNALASKA	\$0	\$237,705	\$109,760	\$0	\$1,058,888	\$0	(\$11,280) !	\$1,395,073	\$1,165,609	\$229,464
32 VALDEZ	\$1,040,538	\$1,568,475	\$0	\$315,214	\$0	\$1,531,118	(\$25,239) !	\$4,430,156	\$3,701,477	\$728,679
33 WRANGELL	\$0	\$124,585	\$0	\$850,013	\$0	\$0	(\$20,533) !	\$954,065	\$797,139	\$156,926
34										
35 TOTALS	\$14,591,127	\$4,086,987	\$8,752,320	\$55,370,264	\$44,071,936	\$4,642,264	(\$2,528,769)	\$128,986,128	\$107,770,299	\$21,215,830
36										
37										
38 TOTAL BOND OUTLAYS	\$118,120,314									
39 PLUS: CASH PAYMENTS	\$8,752,320									
40										
41 SUB TOTAL	\$126,872,633									
42 NEW BONDS FY91 EST	\$4,642,264									
43										
44 SUB TOTAL	\$131,514,897									
45 LESS: CIG. TAX	(\$2,528,769)									
46										
47 EST. STATE AID-FY92	\$128,986,128									

THESE ENTITLEMENTS ARE SUBJECT TO ADJUSTMENTS BASED ON ACTUAL BOND PAYMENTS.

DEPARTMENT OF EDUCATION 92PROJ.XLS
 PUPIL TRANSPORTATION
 FY92 COST PROJECTION
 PREPARED 01/28/91 Figures below are estimations only and are subject to change.

Ric
 1/25/91

SCHOOL DISTRICT	PROJECTED	PROJECTED
	FY91 FULL FUNDING	FY92 FULL FUNDING
ADAK	\$141,858.47	\$149,305.92
ALASKA GATEWAY	\$341,733.38	\$360,188.98
ALEUTIANS EAST	\$68,512.94	\$72,212.64
ANCHORAGE	\$8,065,644.42	\$8,501,186.22
ANNETTE ISLAND	\$8,487.71	\$8,924.97
BERING STRAIT	\$34,390.04	\$36,247.10
BRISTOL BAY	\$145,914.65	\$153,794.04
CHATHAM	\$8,801.61	\$8,958.31
COPPER RIVER	\$500,287.11	\$527,281.53
CORDOVA	\$45,274.75	\$47,719.59
DELTA/GREELEY	\$489,333.78	\$515,757.78
DILLINGHAM	\$211,708.77	\$223,138.94
FAIRBANKS	\$4,376,548.00	\$4,612,879.48
GALENA	\$30,845.38	\$32,300.23
HAINES	\$149,848.58	\$157,940.38
HOONAH	\$14,371.73	\$15,147.80
HYDABURG	\$3,378.34	\$3,558.68
IDITAROD	\$43,000.05	\$45,322.05
JUNEAU	\$1,028,480.05	\$1,084,017.97
KAKE	\$22,131.80	\$23,326.71
KENAI PENINSULA	\$2,604,004.17	\$2,744,820.40
KETCHIKAN	\$400,804.40	\$508,787.84
KODIAK	\$420,573.43	\$443,708.00
KUSPUK	\$78,017.33	\$82,230.27
LAKE & PENINSULA	\$43,953.10	\$48,328.57
LOWER KUSKOKWIM	\$243,730.29	\$258,891.73
LOWER YUKON	\$17,422.83	\$18,383.66
MAT-SU	\$5,100,000.00	\$5,375,400.00
NENANA	\$88,174.44	\$71,855.86
NOME	\$169,182.16	\$178,318.00
NORTH SLOPE	\$241,098.23	\$254,115.43
PELICAN	\$1,734.48	\$1,828.14
PETERSBURG	\$100,902.84	\$108,351.59
RAILBELT	\$183,884.39	\$204,143.35
SITKA	\$381,822.30	\$402,229.90
SKAGWAY	\$4,837.91	\$5,099.18
SOUTHEAST ISLAND	\$115,855.83	\$122,112.04
SOUTHWEST REGION	\$28,182.92	\$27,568.80
TANANA	\$18,430.92	\$19,428.19
UNALASKA	\$108,849.25	\$112,619.11
VALDEZ	\$228,277.83	\$240,604.62
WRANGELL	\$50,594.23	\$53,328.32
YAKUTAT	\$51,275.83	\$54,044.72
YUKON FLATS	\$95,556.94	\$100,717.01
YUKON/KOYUKUK	\$44,883.55	\$47,307.28
GROWTH FACTOR (1)	\$250,000.00	\$263,500.00
SUBTOTAL	\$28,885,950.92	\$28,318,712.27
DRIVER TRAINING / INSPECTIONS	\$254,600.00	\$254,600.00
TOTAL	\$27,120,550.92	\$28,571,312.27

(1) Growth Factor is for potential rate increases for new contracts and for possible additional buses due to enrollment increases and population shifts.

NOTE: For all districts, 5.4% was added to FY91 projected reimbursement for actual COLA based on the 8/16/90 Anchorage CPI report.

Pupil

Transportation

Full FY91

vs.

Full FY92

FOUND92.XLS

Foundation Program
FY92

ALASKA DEPARTMENT OF EDUCATION						
PROJECTED FY92 FOUNDATION PROGRAM ENTITLEMENT						
PREPARED 12/27/90 UPDATED 1/28/91						
	BASIC NEED	FY92 REQUIRED	ELIGIBLE	PLB1-874	DEDUCTIBLE	PROJECTED FY92
	\$60,000	LOCAL	PLB1-874	PERCENTAGE	PLB1-874	FOUNDATION STATE AID
ADAK	\$4,449,600	\$0	\$2,529,176	100.00%	\$2,276,258	\$2,173,342
ALASKA GATEWAY	4,857,600	0	567,647	100.00%	510,882	4,346,718
ALEUTIAN REGION	766,200	0	95,258	100.00%	85,732	680,468
ALEUTIANS EAST	3,847,200	329,364	667,958	100.00%	601,162	2,916,674
ANCHORAGE	201,295,200	39,009,792	235,626	63.88%	135,466	162,149,942
ANNETTE ISLANDS	2,542,800	0	1,374,820	100.00%	1,237,338	1,305,462
BERING STRAIT	16,785,000	0	4,517,256	100.00%	4,065,530	12,719,470
BRISTOL BAY	2,446,200	537,251	328,110	83.22%	245,748	1,663,201
CHATHAM	3,493,200	0	1,040,308	100.00%	936,277	2,556,923
CHUGACH	1,600,800	0	198,915	100.00%	179,024	1,421,776
COPPER RIVER	5,319,000	0	257,404	100.00%	231,664	5,087,336
CORDOVA	2,808,600	527,340	25,291	68.95%	15,694	2,265,566
CRAIG	2,350,200	184,381	29,883	100.00%	26,895	2,138,924
DELTA/GREELY	5,220,000	0	1,083,612	100.00%	975,251	4,244,749
DILLINGHAM	3,697,800	510,254	419,938	71.87%	271,628	2,915,918
FAIRBANKS	72,890,400	12,635,307	42,574	45.53%	17,446	60,237,647
GALENA	1,495,200	80,711	452,425	52.02%	211,816	1,202,673
HAINES	2,719,200	457,334	8,416	46.92%	3,554	2,258,312
HOONAH	1,601,400	87,816	187,441	63.94%	107,865	1,405,719
HYDABURG	1,020,600	22,754	48,162	37.02%	16,047	981,799
IDITAROD	5,160,000	0	859,866	100.00%	773,879	4,386,121
JUNEAU	26,117,400	5,475,214	33,134	50.96%	15,197	20,626,989
KAKE	1,285,200	68,936	356,094	56.23%	180,208	1,036,056
KASHUNAMIUT	1,847,400	0	507,560	100.00%	456,804	1,390,596
KENAI	53,326,800	13,885,097	207,373	56.66%	105,748	39,335,955
KETCHIKAN	13,759,800	3,372,934	18,154	53.72%	8,777	10,378,089
KLAWOCK	1,443,600	44,880	326,867	36.79%	108,229	1,290,491
KODIAK	14,868,000	2,803,741	127,024	84.55%	96,659	11,967,600
KUSPUK	5,192,400	0	564,574	100.00%	508,117	4,684,283
LAKE AND PENINSULA	6,306,600	254,078	1,290,071	49.82%	578,442	5,474,080
LOWER KUSKOKWIM	33,333,600	0	6,188,711	100.00%	5,569,840	27,763,760
LOWER YUKON	13,850,400	0	4,379,902	100.00%	3,941,912	9,908,488
NAT-SU	50,024,400	7,029,865	482	41.26%	179	42,994,356
NENANA	1,569,000	62,712	5,651	45.66%	2,322	1,503,966
NOME	5,494,800	551,504	36,583	90.71%	29,866	4,913,430
NORTH SLOPE	13,152,800	4,484,760	3,139,099	21.59%	609,958	8,057,882
NORTHWEST ARCTIC	16,464,000	1,549,772	3,832,969	100.00%	3,449,672	11,464,556
PELICAN	615,600	54,259	0	100.00%	0	561,341
PETERSBURG	3,739,200	674,482	20,990	70.10%	13,243	3,051,475
PRIBILOF	1,877,400	0	513,012	100.00%	461,711	1,415,689
RAILBELT	3,054,000	0	44,770	100.00%	40,293	3,013,707
SITKA	8,287,200	1,853,520	231,785	61.61%	128,522	6,305,158
SKAGWAY	1,060,200	237,448	0	63.99%	0	822,752
SOUTHEAST	5,894,400	0	886,953	100.00%	798,258	5,096,142
SOUTHWEST	6,361,200	0	1,479,842	100.00%	1,331,858	5,029,342
ST. MARY'S	1,369,800	17,564	233,432	22.89%	48,089	1,304,147
WANANA	1,278,600	44,368	232,882	31.26%	65,519	1,168,693
WALASKA	2,289,000	613,644	7,420	100.00%	6,678	1,668,678
ALDEZ	4,167,000	1,453,830	37,044	42.15%	14,053	2,699,117
RANGELL	3,044,400	438,824	3,547	52.92%	1,689	2,603,887
AKUTAT	1,270,800	79,489	93,909	40.22%	33,993	1,157,318
WOM FLATS	5,326,800	0	597,684	100.00%	537,916	4,788,884
WOM/KOYUKUK	6,678,600	0	1,396,782	100.00%	1,257,104	5,421,496
WPIIT	4,460,400	0	1,062,887	100.00%	956,598	3,503,802
TOTALS	\$665,176,800	\$99,433,245	\$42,827,273		\$34,282,610	\$531,460,945
				STATE CORR. STUDY		\$5,362,500
				MT. EDGEUMBE SCHOOL		\$1,529,984
				VALDEZ CONTRACT		\$600,000
				4 MILL PHASE-IN (SUBSIDY)		\$15,545
				PLB1-874 PASS THRU		\$1,277,192
				ESTIMATED PRIOR YEAR ADJUSTMENTS		\$1,500,000
				TOTAL FOUNDATION COST AS OF 1/28/91		\$541,746,166

CORRECTION

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

FOUN092.XLS

Foundation Program FY92

ALASKA DEPARTMENT OF EDUCATION						
PROJECTED FY92 FOUNDATION PROGRAM ENTITLEMENT						
PREPARED 12/27/90 UPDATED 1/28/91						
	BASIC NEED	FY92 REQUIRED	ELIGIBLE	PL81-874	DEDUCTIBLE	PROJECTED FY92
	\$60,000	LOCAL	PL81-874	PERCENTAGE	PL81-874	FOUNDATION STATE AID
ADAK	24,449,600	0	2,529,176	100.00%	2,276,258	2,173,342
ALASKA GATEWAY	4,857,600	0	567,647	100.00%	510,882	4,346,718
ALEUTIAN REGION	766,200	0	95,258	100.00%	85,732	680,468
ALEUTIANS EAST	3,847,200	329,364	667,958	100.00%	601,162	2,916,674
ANCHORAGE	201,295,200	39,009,792	235,626	63.88%	135,466	162,149,942
ANNETTE ISLANDS	2,542,800	0	1,374,820	100.00%	1,237,338	1,305,462
BERING STRAIT	16,785,000	0	4,517,256	100.00%	4,065,530	12,719,470
BRISTOL BAY	2,446,200	537,251	328,110	83.22%	245,748	1,663,201
CHATHAM	3,493,200	0	1,040,308	100.00%	936,277	2,556,923
CHUGACH	1,600,800	0	198,915	100.00%	179,024	1,421,776
COPPER RIVER	5,319,000	0	257,404	100.00%	231,664	5,087,336
CORDOVA	2,808,600	527,340	25,291	68.95%	15,694	2,265,566
CRAIG	2,350,200	184,381	29,883	100.00%	26,895	2,138,924
DELTA/GREELY	5,220,000	0	1,083,612	100.00%	975,251	4,244,749
DILLINGHAM	3,697,800	510,254	419,938	71.87%	271,628	2,915,918
FAIRBANKS	72,890,400	12,635,307	42,574	45.53%	17,446	60,237,647
GALENA	1,495,200	80,711	452,425	52.02%	211,816	1,202,673
HAINES	2,719,200	457,334	8,416	46.92%	3,554	2,258,312
HOONAH	1,601,400	87,816	187,441	63.94%	107,865	1,405,719
HYDABURG	1,020,600	22,754	48,162	37.02%	16,047	981,799
IDITAROD	5,160,000	0	859,866	100.00%	773,879	4,386,121
JUNEAU	26,117,400	5,475,214	33,134	50.96%	15,197	20,626,989
KAKE	1,285,200	68,936	356,094	56.23%	180,208	1,036,056
KASHUNAMIUT	1,847,400	0	507,560	100.00%	456,804	1,390,596
KENAI	53,326,800	13,885,097	207,373	56.66%	105,748	39,335,955
KETCHIKAN	13,759,800	3,372,934	18,154	53.72%	8,777	10,378,089
KLAWOCK	1,443,600	44,880	326,667	36.79%	108,229	1,290,491
KODIAK	14,868,000	2,803,741	127,024	84.55%	96,659	11,967,600
KUSPUK	5,192,400	0	564,574	100.00%	508,117	4,684,283
LAKE AND PENINSULA	6,306,600	254,078	1,290,071	49.82%	578,442	5,474,080
LOWER KUSKOKWIM	33,333,600	0	6,188,711	100.00%	5,569,840	27,763,760
LOWER YUKON	13,850,400	0	4,379,902	100.00%	3,941,912	9,900,488
KAT-SU	50,024,400	7,029,865	482	41.26%	179	42,994,356
NENANA	1,569,000	62,712	5,651	45.66%	2,322	1,503,966
NOME	5,494,800	551,504	36,583	90.71%	29,866	4,913,430
NORTH SLOPE	13,152,600	4,484,760	3,139,099	21.59%	609,958	8,057,882
NORTHWEST ARCTIC	16,464,000	1,549,772	3,832,969	100.00%	3,449,672	11,464,556
PELICAN	615,600	54,259	0	100.00%	0	561,341
PETERSBURG	3,739,200	674,482	20,990	70.10%	13,243	3,051,475
PRIBILOF	1,877,400	0	513,012	100.00%	461,711	1,415,689
RAILBELT	3,054,000	0	44,770	100.00%	40,293	3,013,707
SITKA	8,287,200	1,853,520	231,785	61.61%	128,522	6,305,158
SKAGWAY	1,060,200	237,448	0	63.99%	0	822,752
SOUTHEAST	5,894,400	0	886,953	100.00%	798,258	5,096,142
SOUTHWEST	6,361,200	0	1,479,842	100.00%	1,331,858	5,029,342
ST. MARY'S	1,369,800	17,564	233,432	22.89%	48,089	1,304,147
TANANA	1,278,600	44,388	232,882	31.26%	65,519	1,168,693
TALASKA	2,289,000	613,644	7,420	100.00%	6,678	1,668,678
ALDEZ	4,167,000	1,453,830	37,044	42.15%	14,053	2,699,117
RANGELL	3,044,400	438,824	3,547	52.92%	1,689	2,603,887
AKUTAT	1,270,800	79,489	93,909	40.22%	33,993	1,157,318
IKON FLATS	5,326,800	0	597,684	100.00%	537,916	4,788,884
IKON/KOYUKUK	6,678,600	0	1,396,782	100.00%	1,257,104	5,421,496
IPIT	4,460,400	0	1,062,887	100.00%	956,598	3,503,802
TOTALS	\$665,176,300	\$99,433,245	\$42,927,273		\$34,282,610	\$531,460,945
				STATE CORR. STUDY		\$5,362,500
				MT. EDGEUMBE SCHOOL		\$1,529,984
				VALDEZ CONTRACT		\$600,000
				4 MILL PHASE-IN (SUBSIDY)		\$15,545
				PL81-874 PASS THRU		\$1,277,192
				ESTIMATED PRIOR YEAR ADJUSTMENTS		\$1,500,000
				TOTAL FOUNDATION COST AS OF 1/28/91		\$541,746,166

HB

6

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*****
*
* DELIVER TO: LHSCHES
*
* ORIGINAL
* SENT: 02/19/91 TIME: 09:58
* FROM: LTCCFBX
* SUBJECT: 91-02-054;FS;H.HESS;2-18-91
* PRINT DATE: 02/19/91 TIME: 10:21
*
*****

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SUBJECT LINE TO READ: TC NO.;FL/FS;SHORT SUBJECT;DATE

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T/C NO: 91-02-054
DATE: FEBRUARY 18, 1991
SPONSOR: HOUSE HEALTH EDUCATION AND SOCIAL SERVICES CMTE.
SUBJECT: HB 18 AND HB 6
MODERATOR: CHRISTI
SITE: FAIRBANKS

```

FINAL STATS

TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. WALLY CARLO,	1918 CENTRAL AVE FBX 99709	456-3589	HB 6
2. ANDREA GELVIN,	PO BO X83967 FBX 99708	479-2883	HB 6
3. DOTTIE ENGLUND,	208 RAMOLA FBX 99709	479-2901	HB 6
4. HARK BERTILRUD,	1949 GILLIAM FBX 99701	452-1921	HB 6
5. TED CHARLES,	122 1ST AVE. FBX.99701	452-8251	HB 6
6. DON THIBEDEAU,	802 22ND AVE.FBX 99701	452-2976	HB 6
7.			
8.			
9.			
10.			

OBSERVED

	NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1.	JAMES MATTHEWS,	1072 MCGRATH FBX 99712	457-3537	HB 6
2.	PAT WALSH,	PO BOX 81914 FBX 99708	452-2955	HB 6
3.	FRED PRATT,	PO BOX 72981 FBX 99707	NONE	HB 6
4.	LUCY CARLO,	122 1ST AVE. FBX 99701	452-8251	HB 6

5.
6.
7.
8.
9.
10.

TESTIFIED: 6
UNABLE: 0
OBSERVED: 4
TOTAL: 10

START TIME: 8:27 A.M.

END TIME: 9:42 A.M.

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*****
*
* DELIVER TO: LHSCHES
*
*
* ORIGINAL
* SENT:          02/19/91   TIME: 09:35
* FROM:          LTCCMAY
* SUBJECT:       054 FS H HESS MRG/FAM 2/19/91
* PRINT DATE:   02/19/91   TIME: 10:20
*
*****

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SUBJECT LINE TO READ: TC NO, ; FL/FS; SHORT SUBJECT; DATE

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T/C NO:          91-02-054
DATE:            2/19/91
SPONSOR:         H HESS
SUBJECT:         HB 18 MARRIAGE/FAM THERAPISTS
MODERATOR:       CHARLOTTE
SITE:            MAT-SU LIO

```

CORRECTED FINAL STATS

TESTIFIED:

NAME/REPRESENTING	ADDRESS	PHONE	BILL#
-------------------	---------	-------	-------

1

OBSERVED:

NAME/REPRESENTING	ADDRESS	PHONE	BILL#
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1 BOB IRVINE	320 E PAULSON	WASILLA 99687	373-2411 HB 18
2 VIVIAN FINLAY	POB 872433	WASILLA 99687	373-6006 HB 18
3			

```

TESTIFIED: 0
UNABLE:
OBSERVED: 2
TOTAL: 2
START TIME: 8:30           END TIME: 8:45

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*
* DELIVER TO: LHSCHES
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*
* ORIGINAL
*
*****

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* SENT: 02/19/91 TIME: 09:18 *
* FROM: LIOCMIL *
* SUBJECT: 91-02-054;BL2;TRUST,2/19 *
* PRINT DATE: 02/19/91 TIME: 10:20 *
* *

T/C NO: 91-02-054
DATE: 2/19
SPONSOR: H HESS
SUBJECT: HB 18 HB 6
MODERATOR: JUDY

BRIDGE LIST

- 1. JNU
- 2. FBX
- 3. NAT
- 4. BAR
- 5.
- 6.

EMAI: LIOCMIL
BACK-UP PHONE: 561-1199

* DELIVER TO: LHSCHES *
* *
* ORIGINAL *
* SENT: 02/19/91 TIME: 09:48 *
* FROM: LIOCBAR *
* SUBJECT: 91-02-054;FS;HB18;2-19-91 *
* PRINT DATE: 02/19/91 TIME: 10:21 *
* *

SUBJECT LINE TO READ: TC NO.; PL/FS; SHORT SUBJECT; DATE

T/C NO: 91-02-054
DATE: 02-19-91
SPONSOR: HOUSE, HESS
SUBJECT: HB 18, HB 6
MODERATOR: PHYLLIS
SITE: BARROW

FINAL STATS

TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1.			
2.			
3.			
4.			
5.			

OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1. DEBBIE HILDERBRAND/BOX	249, BARROW	852-2557	HB18
2.			
3.			
4.			
5.			

TESTIFIED: 0

UNABLE: 0
OBSERVED: 1
TOTAL: 1

START TIME: 8:50 A.M.

END TIME: 9:40 P.M.

HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

DATE 2/19/91 JOINT _____

TAPE # 10 JOINT _____

TIME CALLED TO ORDER 8:37 (am/pm) TIME ADJOURNED 9:42 AM

ROLL CALL:	PRES	ABST	TIME ARRVD	JOINT MEMBERS PRESENT:
Rep. Patrick Carney	✓			
Rep. Georgiana Lincoln	✓			
Rep. Bettye Davis		✓		
Rep. Cheri Davis		✓		
Rep. John Gonzales		✓		
Rep. Mark Hanley	✓			
Rep. Mary Miller	✓			

AGENDA:

BILL NO.	SHORT TITLE	ACTION TAKEN
HB18	Marriage and Family Therapists	
*HB 6	Approp: Long-Term Care Facility-Fairbanks-11 Million	

OTHER:

Rep. Max Greenberg HB18

Rep. Mark Boyer HB6

SPECIAL ANNOUNCEMENTS:

HOUSE COMMITTEE REPORT

2-19-91

(7)
Date Referred: January 21, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 2-19-91

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 6

HOUSE BILL NO. 6

APPROP: LONG-TERM CARE FACILITY-FAIRBANKS

"An Act making an appropriation for a long-term health care facility in Fairbanks; and providing for an effective date."

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

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

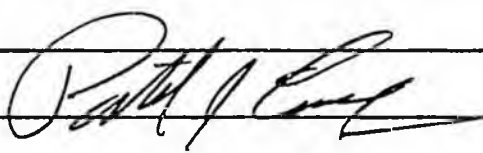
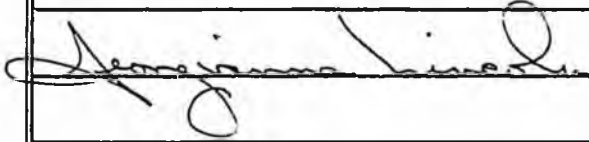
[] fiscal note(s) _____

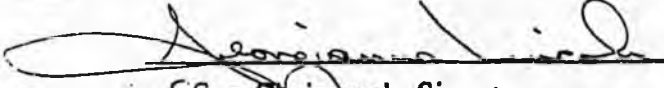
[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
				
	Mary Miller		✓	
	Mark Stanley		✓	
				


CG - Chairman's Signature

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE



FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

House of Representatives

To: Rep. Georgianna Lincoln, Co-chair
Rep. Pat Carney, Co-chair
Health, Education & Social Services Committee

From: Rep. Mark Boyer *MB*

Date: February 5, 1991

Subject: Scheduling of HB 6

I am requesting that you schedule at your earliest convenience a hearing for HB 6, an act making an appropriation for a long-term health care facility in Fairbanks.

This bill would appropriate \$11,000,000 for the construction of a replacement facility for the Denali Center nursing home, the only long term care facility in interior Alaska.

Denali Center is owned by the Greater Fairbanks Community Hospital Foundation. It is old and run down. The Hospital Foundation determined that it could no longer support the existing structure, which is wrought with asbestos and other structural problems, and decided to close down the home. An immediate outcry of public support for Denali forced the Foundation last spring to postpone the closure for one year pending a financial solution.

The Foundation established a task force to complete a needs assessment, solicit community financial and in-kind contributions, and request state assistance. The City of Fairbanks appears willing to donate the land, and a modest amount of local contributions have already been received. It is important that the state make a financial commitment this year so that we can avoid the disruption that would occur should Denali Center close.

Long-term care is a statewide need. I appreciate your consideration of HB 6.

FAIRBANKS 20B

- SPONSOR STATEMENT -

The NEW DENALI CENTER Project

A community partnership for quality long term care
for the people of Interior & Northern Alaska.

FOUNDATION MEMBERS

Steve Stephens, *President* David D. Rasley, *1st Vice President*
James Matthews, *2nd Vice President* Harry Porter, *Treasurer* Joe Faulhaber, *Secretary*

Ron Arter
Walter Carlo
Edward K. Christiansen
Douglas Colp
Jeff Cook
Leland D. Corkran
William H. Doolittle, M.D.
Conrad G.B. Frank
Andrea Gelvin
Keith Gianni, M.D.

Dennis Green
Janet Halvarson
Mike Kelly
William W. Mendenhall
Ouida Paden
Richard Seifert
William G. Stroecker
David Swanson
Karen Porter
Dale Yoder

DENALI CENTER TASK FORCE MEMBERS

Walter Carlo, *Co-Chair*
Jeff Cook
Margaret Cox
Gordon Depue
Dottie Englund
Andrea Gelvin
Andy Harrington
Jim Hayes

Jim Matthews
Ouida Paden
Karen Perdue
Karen Porter, *Co-Chair*
John Sackett
Ann Swift
Carol Switzer

Denali Center is ...

- a private, not-for-profit nursing home facility owned by *The Greater Fairbanks Community Hospital Foundation, Inc.* and operated by *Lutheran Hospitals & Homes Society*.
- not just "an old peoples home", it is home to infants, children, and adults who need skilled care - that is, short-term to long-term resident nursing home care.
- a place that serves people who are too sick to live at home, but too well to need a hospital environment.
- a regional facility serving Interior and Northern Alaska with over 40% of the residents coming from villages outside of the Fairbanks area.
- a facility where payment for resident's care is :
 - 80% - Medicaid (State of Alaska)
 - 10% - Medicare (Federal)
 - 6% - Other insurance
 - 4% - Private pay

Denali Center Case Statement

Randy Huffman's hairline has receded over the years, the "man from Mars" tattoo on his left forearm has faded to a light blue, and he's lost a bit of weight. His family teases him about getting old, even though he is only 32. They talk and joke with him but aren't sure he can hear. They sit at his bedside and encourage him to get well, but doctors aren't sure he ever will.

Huffman, 32, has been comatose for more than 13 years, since the day his snowmachine collided with a truck on Eagle Avenue. Six months later, his family checked him into Denali Center. "Before this, I thought the nursing home was just for older people," Phyllis Sheets says. Today, it is her son's home, until he recovers. "That's what we keep hoping and praying for, really," she says.

Denali Center is a not-for-profit nursing home located in Fairbanks. It is owned by *The Greater Fairbanks Community Hospital Foundation, Inc* and operated by *Lutheran Hospitals & Homes Society*. It serves people from all over the state with over 40% of its residents coming from rural Alaska. The present facility needs replacement. It is old and poorly designed and current residents are not adequately served nor will it serve the community in the future. The people of the cities and villages of Interior and Northern Alaska deserve better.

The Center was built in 1969 and operated privately as, *Careage North Nursing Home*. In 1983 the Hospital Foundation bought the facility to prevent its closing. The Foundation has since contributed over \$3 million dollars to purchase and improve the existing Denali Center.

Denali Center provides care not only for the elderly, but also for infants, children and adults who need medical care. Denali Center cares for people who are too sick to live at home, but too well to need a hospital environment.

Residents range in age from one to one hundred. Their needs are as varied as their ages; they are too old to live independently, they need daily medical attention, they need rehabilitative care after an accident, or they are too feeble to be cared for at home. Without Denali Center, many people would be forced to leave the state, leave family and friends, to seek skilled care. Denali Center is a vital part of health care services in interior Alaska.

Eighty percent of the facility's residents are Medicaid supported, 10% receive Medicare, 6% other insurance, and 4% are private pay. In other parts of the nation, there are more private pay patients partly because costs of nursing home care are lower. However, throughout the nation very few private insurance policies cover nursing home care.

We need a new nursing home. Today, Denali Center is an inadequate facility. There are often three people to a room and up to six people who must share a bathroom. There isn't room for a resident to have a family gathering, a small birthday party or even a private medical consultation. There are no personal care areas for medical diagnosis or to administer medication. The staff doesn't have a break area or place to prepare for work.

A resident at Denali Center has only 80 sq. ft. of personal living space, or 250 sq. ft. of the total building space. Each resident has only a 2-foot by 21-inch closet to store all personal belongings. Nationally many nursing homes offer 400-650 sq. ft. per resident of total building space.

The present building is nineteen years old and is of 2"x4" construction. It is crowded and inefficient to operate. The activity room also serves as a dining area. Activities are disturbed three times a day when the staff sets up for and cleans up after meals. Residents must go outside to board the van for transportation to doctor appointments and other activities. For some residents this is a hazardous situation especially in extremely cold weather. Storage space isn't sufficient for housekeeping equipment, kitchen goods, and medical supplies. Because of asbestos in the walls and floors, remodeling is not possible.

We need a new facility. Our residents need adequate outdoor space and common areas for social activities. A location near the hospital would allow for the sharing of existing dietary and laundry services and mechanical systems. This would provide better service and more efficient facility operation. We need a specific program to address the needs of nursing home residents suffering from Alzheimers disease.

As the population ages nursing home services will be in greater demand. The Fairbanks North Star Borough population over 65, is projected to quadruple in the next ten years. By the year 2010 there will be 22 elderly people for every 100 working age persons. We can make a difference today and plan for the future. Working together, we can build a new Denali Center.

The Problem....

- **Denali Center is an inadequate facility:**
 - there are often 3 people to a room
 - up to 6 people share a bathroom
 - there is little space for activities
 - there are only two private rooms
 - there is no private space for a family gathering, telephone calls, a medical consultation, a birthday party
 - no personal care areas to administer medication, for diagnosis
 - no space for staff preparation work or break areas
 - it is an old, poorly designed building
 - the physical plant is 19 years old
 - it can not be remodeled because of asbestos in the walls & floors
 - there is major heat loss because of the 2x4 construction
 - building does not meet 1990 building standards
 - inability to equip better telephone service & access for residents
 - there is not enough room to stock medical and housekeeping supplies and inadequate storage for kitchen goods.
 - no transportation entrance for residents so they can board the van inside
 - not enough room for rehabilitation services
 - the activity room is used as a dining room 3 times a day

- **Denali Center provides 80 sq.ft of personal space per resident or 250 sq.ft./resident total building space.**
 - most nursing homes provide 400 - 650 sq.ft./resident total building space.
 - the ONLY storage space for resident's personal belongings is a 2'x21" closet

- **Nursing home services will be in greater demand as the population ages.**

- **The needs of the Fairbanks area and the surrounding communities of Interior and Northern Alaska are not being well served by the existing Denali Center.**

**This a statewide project.
Denali Center residents come
from all over the state...**



What We Need...

- **A new facility that provides the following:**
 - a capacity to serve not less than 80, but not more than 100 residents
 - privacy in the residents rooms
 - adequate outdoor space
 - common areas for social activities
 - a culturally sensitive design
 - comprehensive rehabilitation services & equipment with easy access
 - structural design to enhance delivery of services
 - flexible design able to readily adapt to expansion of services
 - accommodations for staff work areas and break areas
 - specific design components to address the needs of the terminally ill
 - a location that would be conducive to sharing existing services & systems
 - specific design components to address the needs of residents suffering from Alzheimers disease who qualify for nursing care. This could include the design of a specific program area dedicated to this purpose.

The Task Force heard testimony that non-medical services for Alzheimers patients were sorely needed. Many Alzheimers clients would be served by assisted living and other available community support such as adult day care and specialized foster care. Currently, funding is only available for nursing home care of Alzheimers patients with other medical problems. This is an area that needs further investigation.

- **A further exploration of an 'assisted living' facility with a capacity of 25-50 units.**

This could be a campus approach or a separate site. Assisted living is a level of residential care less intensive than a nursing home. It provides an intermediate step from one's own home to the nursing home, and vice versa.

- **The problems will not diminish with time.**
As the population ages, these services will be in greater demand.
- **The present facility was poorly designed by the original owner.**
As a result, remodeling the facility would not resolve many of its problems - and it would cost nearly as much as a new facility. There is asbestos in the walls and floors.
- **Nursing homes play a crucial role in reducing health care costs.**
By providing a cost effective alternative to lengthy and unnecessary hospitalizations.
- **There is wide community support for a new facility.**
Some of the Fairbanks community groups and state-wide organizations that have passed resolutions in support of a new nursing home facility in Fairbanks:
 - Alaska Federation of Natives
 - AARP - American Association of Retired Persons
 - Arctic Alliance for People
 - Delta Chamber of Commerce
 - Doyon Limited
 - Fairbanks City Council
 - Fairbanks Native Association
 - Fairbanks North Star Borough
 - Fairbanks Retired Teachers Association
 - Greater Fairbanks Chamber of Commerce
 - Interior Alaska Economic Development Council, Inc.
 - Main Street Fairbanks
 - Midnight Sun Lions
 - Tanana Chiefs ConferenceIndividual contributions are made regularly
- **A capital campaign drive will begin by the Task Force**
This is to raise money for a new Denali Center. The City of Fairbanks has donated land that is being recommended to the architect as a priority site.
- **A new Denali Center will cost approximately: \$12.8 Million.**
We are requesting \$10.8 million from the State and will raise \$2 million locally.

Our Plan....

"Partnership for Progress "

Capital Campaign for Denali Center

- We began, through the Hospital Foundation, the process of hiring an architect/engineering firm for design and cost information.
- We will identify & pursue sources of Federal support
 - Federal program support
 - Grants
 - Other funds
- We will identify & pursue sources of State support
- We will identify & pursue sources of Local support
 - City / Borough
 - Businesses
 - Individuals
- We will identify & pursue sources of Corporate support
- We will identify & pursue sources of Foundation support

Support is there...

The following groups have passed resolutions or made contributions in support of a new Denali Center in Fairbanks:

Alaska Federation of Natives

AARP - American Association of Retired Persons

Arctic Alliance for People

Delta Chamber of Commerce

Doyon Limited

Fairbanks City Council

Fairbanks Native Association

Fairbanks North Star Borough

Fairbanks Retired Teachers Association

Greater Fairbanks Chamber of Commerce

Interior Alaska Economic Development Council, Inc.

Main Street Fairbanks

Midnight Sun Lions

Tanana Chiefs Conference

Individual contributions are made regularly

Our History...

1968 *The Greater Fairbanks Community Hospital Foundation, Inc.* was formed as a community not-for-profit organization to ensure that residents of Interior and Northern Alaska would have access to the very best health care possible.

This group set about the monumental task of conceptualizing, designing, raising the money for and building *Fairbanks Memorial Hospital*.

1972 The hospital was built.

This was achieved through very active and generous community support and a contribution from the state of Alaska.

1980 A new wing was constructed for Fairbanks Memorial Hospital.

1982 The private-for-profit nursing home in Fairbanks, *Careage North*, was going to close its doors. The Foundation purchased the facility and renamed it *Denali Center*.

1988 Remodeling of the third floor at Fairbanks Memorial.

1990 Addition to Fairbanks Memorial of the MRI - "Magnetic Resonance Imaging", a state-of-the-art diagnostic tool.

1990 Decision made to build a new Denali Center. The present nursing home is an inadequate facility to meet the needs of the residents.

Through prudent fiscal management by the Greater Fairbanks Community Hospital Foundation the present health care campus has appreciated in value. It is the largest private employer in Fairbanks and provides quality services to the people of Interior and Northern Alaska.

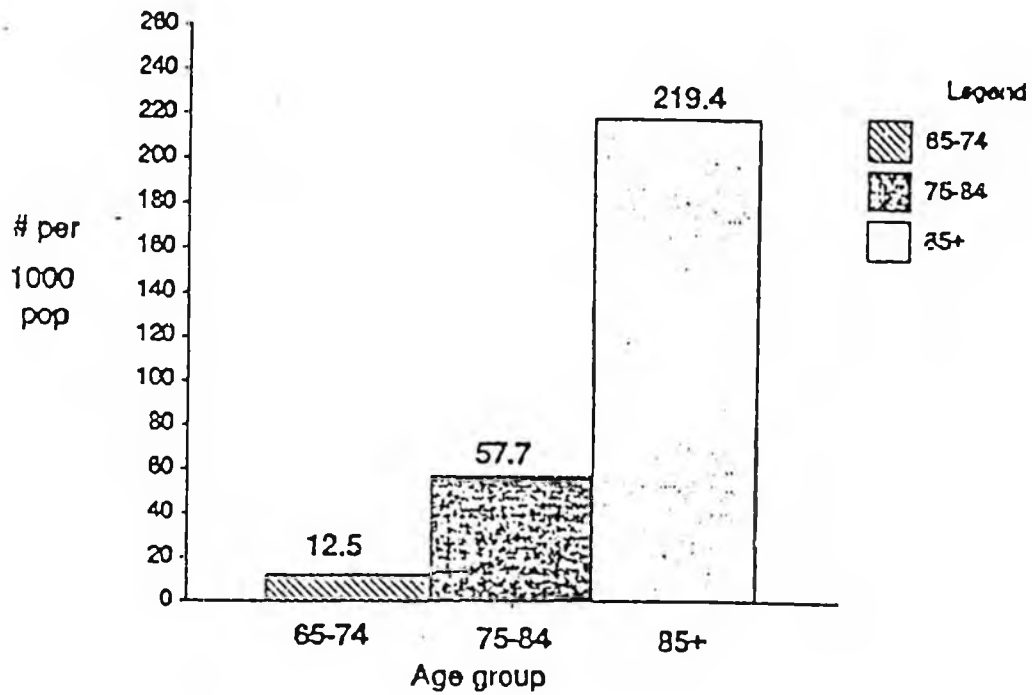
The debt-free facilities have provided Alaskans with the lowest hospital rates in the state and among the lowest nursing home rates.

Trends to Watch...

- Demand for long term care is rapidly increasing
- By year 2000:
1/2 of the elderly will be age 75+
- By year 2010:
there will be 22 elderly persons for every 100 working age persons
- By year 2030:
1 in 3 people will be 55 or older
- In the past two decades, the older population grew twice as fast as the rest of the population:
 - 65+ group grew by 56%
 - under 65 grew by only 19%
 - between 1980-86, Alaska had over 50% increase in elderly population.
(Alaska & Nevada had the largest % increase nationally. In 1986, Alaska had the smallest number of elderly - 3% of population.)
- The 85+ population will quadruple between 1980 & 2030

National Nursing Home Use Rates

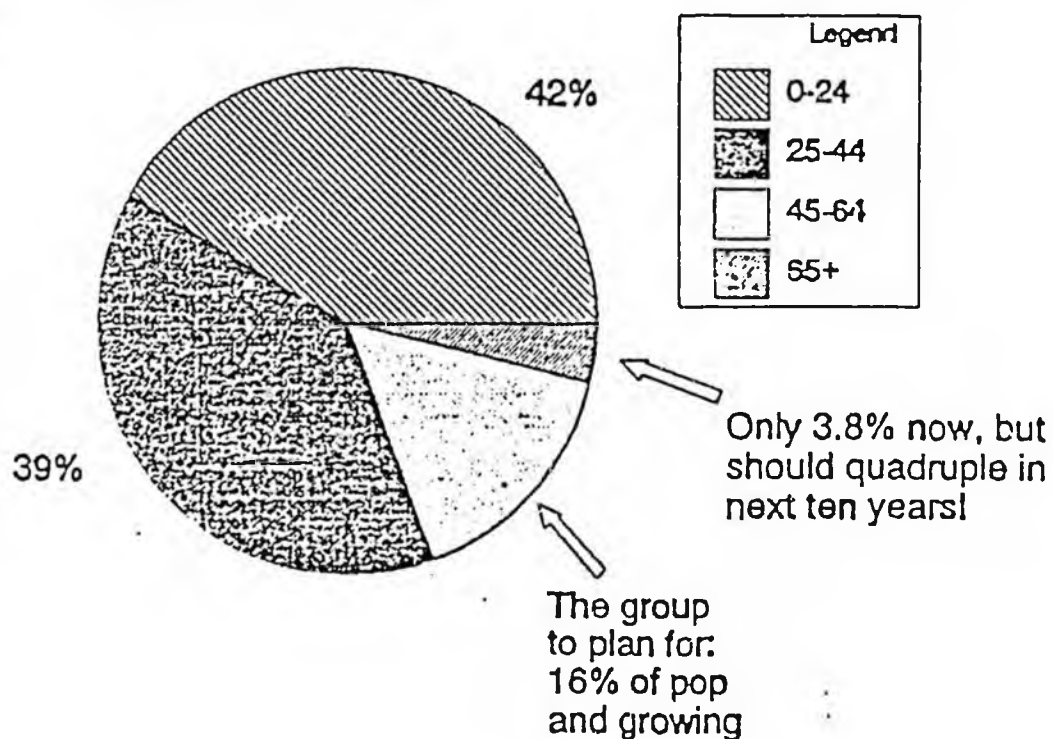
(per 1000)



Source: Rural Health Coalition

Fairbanks North Star Borough Population by Age Group

% by age group 1988



Sunday, September 16, 1990

Editorial Opinion and Comment of



Daily News - Miner

"Independent in All Things . . . Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

'New' Denali Center

Anyone interested in the future of long-term nursing home care in Fairbanks should make plans to attend a meeting Monday night at 7 p.m. in the McGown Room on the first floor of Fairbanks Memorial Hospital.

The Denali Center Task Force is looking for suggestions on plans for a new nursing home in Fairbanks.

Earlier this year, the Greater Fairbanks Community Hospital Foundation voted to close Denali Center in August because the Gillam Way building is dilapidated and there is no money to replace it. Most of the patients have their bills paid by the government, but the payments to the center are not large enough to allow the hospital foundation to pay for a new building.

The nursing home has three patients to a room and options for care are limited. The 67 patients range in age from 35 to 101 and have a variety of needs that cannot be met in the current facility.

Some patients are recovering from accidents. Others have illnesses or disabilities that require continuing treatment. All are being cared for in the only long-term facility in the Interior.

After the foundation announced plans to close the center, people from throughout the community rallied to Denali Center's cause and persuaded the foundation to reverse its decision and to keep the nursing home going at least until next spring.

This summer the foundation established a 13-member task force that is hustling to study the nursing home needs in our community and prepare a fund-raising plan by the end of the year.

A review of community needs is now under way and is expected to be completed this month. Monday's hearing is to gather comments from the public about the priorities for long-term health care.

Over the next few months, the task force will focus on what kind of services should be offered in the new Denali Center, where the home should be located, how big it should be and other key issues.

By the end of the year, cost figures should be available to the community along with a proposal on how to raise the money. The effort to raise money will begin early next year. Most likely the campaign will require a combination of state and federal dollars, local contributions and corporate donations.

Karen Porter and Wally Carlo co-chair the task force. Others on the task force are Jeff Cook, Gordon Depue, Dottie Englund, Andrea Gelvin, Andy Harrington, Jim Hayes, Jim Matthews, Ouida Paden, Karen Perdue, Ann Swift, and Carol Switzer.

These 13 volunteers represent a good cross-section of the community. They are all members of the hospital foundation.

The best way for you to have a voice in the future of Denali Center and Fairbanks Memorial Hospital is to join the foundation as well. All it takes is \$10 a year. Send a check to the Greater Fairbanks Community Hospital Foundation at P.O. Box 1396, Fairbanks, Alaska 99707.

The challenge may be as great as the mountain the nursing home is named after, but with strong community support, the new Denali Center can become a reality.

Daunting challenges of the other Denali

By ANDY HARRINGTON

Many and varied are the tales that have been written about the challenges of Denali, some good, some not so good. These tales refer, of course, to Denali the mountain.

But there is a different Denali in our Interior, which is presenting us with a different set of challenges.

We almost lost this Denali a few months back, when its governing board (the Fairbanks Area Community Hospital Foundation) determined that it was just

not feasible to keep it open and functioning. This issue dominated the headlines for a few days, then the Foundation reversed its decision and things seemed to quiet down. That's unfortunate, because quiet is not what's needed right now.

This story, of course, has to do with Denali the nursing home, and its challenges are no less demanding than those of the mountain.

Foremost among these are the challenges that face the residents at Denali, whose day-to-day lives are much different from those of

most people reading this. Walking down the hall for a Denali resident can be as daunting a challenge as scaling the Wickersham Wall would be for John Q. Public. It takes a certain kind of inner strength, which most of us draw on seldom if ever, to maintain one's emotional equilibrium when tasks which were formerly commonplace have become almost insurmountable obstacles.

Also worth considering is the challenge of working at Denali. Like mountain climbing, it's not for everyone. It takes a certain kind of person to handle the jobs

there, from the routine maintenance (increasingly non-routine as the facility gets older and older) to coping with the physical and mental limitations of the clientele.

And Denali poses a challenge for the community at large as well. It's often said that the best assessment of a civilization can be made by examining its prisons. How much more aptly this same observation could apply to our nursing homes. I've done some work in prison settings over the years, and I would not take issue with those who feel that our prison system is in substantial need of drastic revamping. But it's important to bear in mind that most—maybe not all, but most—of the folks in jail did something to put themselves there. Whereas the residents of Denali are there, not by volition, but by the random chance of a genetic disorder, by the sudden happenstance of a crippling auto

accident, or by the inescapable fact that human beings age.

In fact, any of us could find ourselves in Denali Center at any point. It's difficult to place yourself in that position. I'd like to think that, once there, I'd be grateful that the level of care I required was available in a setting that enabled me to stay close to my family without placing impossible demands on them. (Knowing me, however, my guess is that I'd be too torqued off at whatever put me there to feel any gratitude. A simple head cold is enough to turn me into a bear.)

Whatever I felt, I might not be in a position to express my views, one way or the other. Now, many Denali residents are perfectly capable of voicing their opinions, and one runs the risk of incurring their wrath if one assumes otherwise. Many other residents,

DENALI: Climbing a different mountain

From page 3

however, cannot do so; and even those who can may not always find the right person to listen to them.

The point is, if you want to say anything about Denali Center, or do something to make sure it's still there when you, or your parents, or your children, need it to be there, there's no time like the present.

Because the Foundation's reversal of its decision in June presented only a short-term solution to the immediate emergency. We can count on Denali only through next March. Beyond that, Denali's future is up to the residents of the Interior.

The screaming headlines are gone, at least temporarily. It's time for the quiet people in Fairbanks to come out of the woodwork and get the job done. If we don't, we'll be back in the same crisis, same time next year, with more screaming headlines and fewer options.

The Denali Task Force has scheduled a public meeting for Monday, Sept. 17 at 7 p.m. at the Mr. Gowan Room at Fairbanks Memorial Hospital. That date was just picked on the 11th, which doesn't give much notice to the public at large. But the Foundation's working on a very tight timeline; plans have to be finalized very quickly.

If Denali does have to close, the trauma inflicted on its pa-

tients, the loss to the family members here in the Interior, the loss of jobs to our economy—all would have us kicking ourselves thinking, why the heck didn't we do something about that sooner? Well, right now, it's "sooner," and right after "sooner" comes "too late."

Interior Alaska would simply not be the same without Denali, the mountain. And it would not be the same without Denali, the nursing home, which enables us to be a more compassionate community.

Shipping out its residents is a bad idea. The nursing home is filled with people who are as much a part of Alaska as the mountain. We need to keep them here.

See page 7: DENALI



Alaska State Legislature
House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: February 19, 1991

PLACE: Capitol Room 106

SUBJECT OF MEETING:

HB 18 Marriage and Family Therapists
 *HB 6 Approp: Long Term Care Facility
 Fairbanks-11 Million

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
						Y	N	
(DO YOU WISH TO TESTIFY?)		(FILL OUT COMPLETELY!)				Y	N	
Barbara Gabriel	Dept of Commerce + Economic DVP.	P.O. Box D Juneau Ak	99811		465-3262	Y	<input checked="" type="radio"/> N	HB 18
✓ Helen Haynes	Tarana Chief	T.C. 123 First Ave Fairbanks, AK	99701		452-8251	<input checked="" type="radio"/> Y	N	HB 6
Kim Busch	HSS				465-3355	Y	<input checked="" type="radio"/> N	HB 6 + HB 18
NEWTON CHASE	" "	FACILITIES SECTION P.O. H-01-A	99811		465-3089	<input checked="" type="radio"/> Y	N	HB 6
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	

HB

7

TABLE OF CONTENTS

* HB 7 An Act relating to public school health and
personal safety education.

1. Bill
2. Fiscal Note
3. Hearing Request with Sectional Analysis
4. Supporters of HB 7 List
5. NEA-Alaska Support Paper

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 21, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/12/91

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 7

HOUSE BILL NO. 7

PUBLIC SCHOOL HEALTH AND SAFETY EDUCATION

"An Act relating to public school health and personal safety education."

RECOMMENDATIONS:

be replaced with CSHB 7 (HES)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: HES letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
<i>Cherie Davis</i>				
<i>Bettye Davis</i>				
<i>Mark Hanley</i>			<input checked="" type="checkbox"/>	
<i>J. C. Douglas</i>			<input checked="" type="checkbox"/>	
<i>Patricia Lee</i>			<input checked="" type="checkbox"/>	

Patricia Lee
Chairman's Signature

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

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JUNEAU

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STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

MEMORANDUM

DATE: January 29, 1991

TO: Representative Pat Carney, Co-Chair
Representative Georgianna Lincoln, Co-Chair
House HESS Committee

FROM: Representative Mark Boyer *MB*

RE: Scheduling of HB 7

I would like to request that the HESS Committee hear HB 7, relating to public school health and personal safety education, at your earliest convenience.

Last year the House passed HB 325. HB 7 represents the House passed version of that bill as amended on the floor. This bill would mandate age appropriate health and personal safety education for Alaska's school children K-12. With passage of this legislation, a statewide health and personal safety curriculum would become part of each school district's program. Last year the State Board of Education and the Department of Education endorsed the bill, joining a host of other organizations and individuals concerned with how prepared our young Alaskans are to deal with the issue addressed by this bill. I have spoken with Bob Manners of NEA and his organization continues to support this legislation. (list of supporters attached)

The Child Advocacy Network and the Resource Center for Parents and Children in Fairbanks were strong proponents of the bill last year. HB 7 contains a measure which fosters the cooperative relationship between family and school on behalf of the students. Teachers and counselors that have studied and worked with "youths at risk" believe there is a definite need for this type of legislation.

Attached is a brief outline of the bill and other back-up materials. If I can provide you with additional information, please do not hesitate to call my office at 465-3467. My legislative staff person, Alexis Miller, will be the contact person on this issue.

FAIRBANKS 20B