

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

6867 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

1 of the program, to an agent, broker, managing general agent, or third-party administrator, if any,
2 for the sale of a basic or standard health benefit plan;

3 (2) or agent, broker, managing general agent, or third-party administrator may not
4 induce or otherwise encourage a small employer to separate or otherwise exclude an employee
5 from health coverage or benefits provided in connection with the employee's employment;

6 (3) may only deny an application for coverage from a small employer in writing
7 and if the reasons for the denial are stated.

8 (e) The director may by regulation establish additional standards to provide for the fair
9 marketing and broad availability of health benefit plans to small employers in this state.

10 (f) A violation of this section by a person is an unfair trade practice for purposes of
11 AS 21.36.

12 (g) If a small employer insurer enters into a contract, agreement, or other arrangement
13 with a third-party administrator to provide administrative, marketing, or other services related to
14 the offering of health benefit plans to small employers in this state, the third-party administrator
15 is subject to this section as if it were a small employer insurer.

16 Sec. 21.55.250. DEFINITIONS. In this chapter,

17 (1) "actuarial certification" means a written statement by a member of the
18 American Academy of Actuaries or another individual acceptable to the director indicating that
19 based on the person's examination, including a review of the appropriate records, actuarial
20 assumptions, and methods used by the insurer in establishing premium rates for applicable health
21 insurance plans that a small employer insurer is in compliance with the provisions of
22 AS 21.55.120;

23 (2) "affiliate" or "affiliated" means a person who directly or indirectly, through
24 one or more intermediaries, controls or is controlled by or is under common control with, a
25 specified person;

26 (3) "agent" has the meaning given in AS 21.90.900;

27 (4) "association" means the Small Employer Health Reinsurance Association
28 created in AS 21.55.010;

29 (5) "base premium rate" means the lowest premium rate charged or that could
30 have been charged under the rating system by the small employer insurer to small employers with
31 similar case characteristics for health benefit plans with the same or similar coverage;

1 (6) "basic health benefit plan" means a lower cost plan offered under
2 AS 21.55.140;

3 (7) "board" means the board of directors of the association;

4 (8) "broker" has the meaning given in AS 21.90.900;

5 (9) "case characteristics" means demographic or other objective characteristics of
6 a small employer that are considered by the small employer insurer in the determination of
7 premium rates for the small employer, provided that claim experience, health status, and duration
8 of coverage may not be case characteristics for the purposes of this chapter;

9 (10) "committee" means the health benefit plan committee established in
10 AS 21.55.060;

11 (11) "dependent" means the spouse or an unmarried child of an eligible employee
12 who is not yet 19 years of age; an unmarried child who is a full-time student, who is not yet 23
13 years of age, and who is financially dependent upon the parent; and an unmarried child of any
14 age who is medically certified as disabled and dependent upon the parent, subject to applicable
15 terms of the health benefit plan covering the employee;

16 (12) "eligible employee" means an employee who works on a full-time basis, with
17 a normal work week of 30 or more hours, and includes a sole proprietor, a partner of a
18 partnership or an independent contractor, provided the sole proprietor, partner, or contractor is
19 included as an employee under a health benefit plan of a small employer, but does not include
20 an employee who works on a part-time, temporary, or substitute basis;

21 (13) "established geographic service area" means a geographic area within which
22 the insurer is authorized to provide coverage under the insurer's certificate of authority as
23 approved by the director;

24 (14) "health benefit plan" means a hospital or medical expense policy, health,
25 hospital, or medical service corporation contract, a plan provided by an insurer or welfare
26 arrangement, and a health maintenance organization contract offered by an employer, but does
27 not include a policy covering only accident, credit, dental, disability income, long-term care,
28 hospital indemnity, fixed indemnity, Medicare supplement, specified disease, vision care,
29 coverage issued as a supplement to liability insurance, worker's compensation insurance,
30 automobile medical payment insurance;

31 (15) "index rate" means for small employers with similar case characteristics and

1 plan designs as determined by the insurer for a rating period, the arithmetic average of the
2 applicable base premium rate and the corresponding highest premium rate;

3 (16) "insurer" has the meaning given in AS 21.90.900 and includes a welfare
4 arrangement, a fraternal benefit society, a health maintenance organization, a hospital service
5 corporation, and a medical service corporation;

6 (17) "late enrollee" means an eligible employee or dependent who requests
7 enrollment in a small employer's health benefit plan following the initial enrollment period for
8 which the employee or dependent was eligible to enroll under the terms of the health benefit plan
9 except that an eligible employee or dependent may not be considered a late enrollee if

10 (A) the individual

11 (i) was covered under qualifying previous coverage at the time of
12 the initial enrollment;

13 (ii) has lost coverage under qualifying previous coverage as a
14 result of the termination of employment or eligibility, the involuntary termination
15 of the qualifying previous coverage, death of a spouse, or divorce or dissolution
16 of marriage; and

17 (iii) requests enrollment within 30 days after the termination of the
18 qualifying previous coverage; or

19 (B) the individual is employed by an employer who offers multiple health
20 benefit plans and the individual elects a different health benefit plan during an open
21 enrollment period; or

22 (C) a court has ordered coverage to be provided for a spouse or minor
23 child under a covered employee's plan and request for enrollment is made within 30 days
24 after issuance of the court order;

25 (18) "member" means all insurers issuing health benefit plans, welfare
26 arrangements and, to the extent permitted under 29 U.S.C. 1001 - 1459 (Employee Retirement
27 Income Security Act), other benefit arrangements providing health benefit plans in this state;

28 (19) "new business premium rate" means the lowest premium rate charged or
29 offered, or that could have been charged or offered, by the small employer insurer to small
30 employers with similar case characteristics for newly issued health benefit plans with the same
31 or similar coverage;

1 (20) "plan of operation" means the plan of operation of the association adopted
2 by the board under AS 21.55.040;

3 (21) "qualifying previous coverage" and "qualifying existing coverage" mean
4 benefits or coverage provided under

5 (A) Medicare or Medicaid;

6 (B) an employer-based health insurance or health benefit arrangement that
7 provides benefits similar to or exceeding benefits provided under the basic health benefit
8 plan; or

9 (C) an individual health insurance policy, including coverage issued under
10 AS 21.84, AS 21.86, or AS 21.87 that provides benefits similar to or exceeding the
11 benefits provided under the basic health benefit plan, provided that the policy has been
12 in effect for a period of at least one year;

13 (22) "rating period" means the calendar period for which premium rates
14 established by a small employer insurer are assumed to be in effect;

15 (23) "reinsuring insurer" means a small employer insurer participating in the
16 reinsurance association under AS 21.55.010;

17 (24) "restricted network provision" means a provision of a health benefit plan that
18 conditions the payment of benefits, in whole or in part, on the use of health care providers that
19 have entered into a contractual arrangement with the insurer under AS 21.86 to provide health
20 care services to covered individuals;

21 (25) "small employer" means a person, firm, corporation, partnership, or
22 association actively engaged in business whose total employed work force consisted of, on at
23 least 50 percent of its working days during the preceding 12 months, at least two but not more
24 than 25 eligible employees, the majority of whom are employed within the state; in determining
25 the number of eligible employees, companies that are affiliated companies or that are eligible to
26 file a combined tax return for purposes of federal taxation, are considered one employer; except
27 as otherwise specifically provided, provisions of this chapter that apply to a small employer that
28 has a health benefit plan continue to apply until the plan anniversary following the date the
29 employer no longer meets the requirements of this definition;

30 (26) "small employer insurer" means an insurer that offers a health benefit plan
31 covering eligible employees of one or more small employers;

1 (27) "standard health benefit plan" means a health benefit plan developed under
2 AS 21.55.140;

3 (28) "welfare arrangement" means a multiple employer welfare arrangement as
4 defined in 29 U.S.C. 1003, but does not include a multiple employer welfare arrangement that
5 is fully insured as provided in 26 U.S.C. 1060.

6 * Sec. 6. AS 21.86.260(a) is amended to read:

7 (a) Except as provided in AS 21.55 and in this chapter, this title does not apply to a
8 health maintenance organization that obtains a certificate of authority under this chapter. This
9 subsection does not apply to an insurer licensed under AS 21.09 or a hospital or medical service
10 corporation licensed under AS 21.87 except with respect to its health maintenance organization
11 activities authorized by and regulated under this chapter.

12 * Sec. 7. AS 21.86.260(a) is repealed and reenacted to read:

13 (a) Except as provided in this chapter, this title does not apply to a health maintenance
14 organization that obtains a certificate of authority under this chapter. This subsection does not
15 apply to an insurer licensed under AS 21.09 or a hospital or medical service corporation licensed
16 under AS 21.87 except with respect to its health maintenance organization activities authorized
17 by and regulated under this chapter.

18 * Sec. 8. AS 21.87.340 is amended to read:

19 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the provisions
20 contained or referred to previously in this chapter, the following chapters and provisions of this
21 title also apply with respect to service corporations to the extent applicable and not in conflict
22 with the express provisions of this chapter and the reasonable implications of the express
23 provisions, and for the purposes of the application the corporations shall be considered to be
24 mutual "insurers":

- 25 (1) AS 21.03
26 (2) AS 21.06
27 (3) AS 21.09, except AS 21.09.090
28 (4) AS 21.18.010
29 (5) AS 21.18.030
30 (6) AS 21.18.040
31 (7) AS 21.18.120

- 1 (8) AS 21.21.321
 2 (9) AS 21.36
 3 (10) AS 21.42.345 - 21.42.365, and 21.42.375
 4 (11) AS 21.51.120
 5 (12) AS 21.53
 6 (13) AS 21.54.020
 7 (14) AS 21.55
 8 (15) AS 21.69.400
 9 (16) [(15)] AS 21.69.520
 10 (17) [(16)] AS 21.69.600, 21.69.620, and 21.69.630
 11 (18) [(17)] AS 21.78
 12 (19) [(18)] AS 21.89.040
 13 (20) [(19)] AS 21.89.060
 14 (21) [(20)] AS 21.90.

15 * Sec. 9. AS 21.87.340 is repealed and reenacted to read:

16 Sec. 21.87.340. OTHER PROVISIONS APPLICABLE. In addition to the provisions
 17 contained or referred to previously in this chapter, the following chapters and provisions of this
 18 title also apply with respect to service corporations to the extent applicable and not in conflict
 19 with the express provisions of this chapter and the reasonable implications of the express
 20 provisions, and for the purposes of the application the corporations shall be considered to be
 21 mutual "insurers":

- 22 (1) AS 21.03
 23 (2) AS 21.06
 24 (3) AS 21.09, except AS 21.09.090
 25 (4) AS 21.18.010
 26 (5) AS 21.18.030
 27 (6) AS 21.18.040
 28 (7) AS 21.18.120
 29 (8) AS 21.21.321
 30 (9) AS 21.36
 31 (10) AS 21.42.345 - 21.42.365, and 21.42.375

- 1 (11) AS 21.51.120
2 (12) AS 21.53
3 (13) AS 21.54.020
4 (14) AS 21.69.400
5 (15) AS 21.69.520
6 (16) AS 21.69.600, 21.69.620, and 21.69.630
7 (17) AS 21.78
8 (18) AS 21.89.040
9 (19) AS 21.89.060
10 (20) AS 21.90.

11 * **Sec. 10. PREMIUM RATE RESTRICTION.** Regarding a health benefit plan subject to
12 AS 21.55.110, enacted in sec. 5 of this Act, that is delivered or issued for delivery before July 1, 1992,
13 a premium rate for a rating period may exceed the ranges set out in AS 21.55.120(a)(1) and (2), enacted
14 in sec. 5 of this Act, through June 30, 1995; on or after July 1, 1995, the premium rate may not exceed
15 the ranges set out in AS 21.55.120(a)(1) and (2). However, through June 30, 1995, the percentage
16 increase in the premium rate charged to a small employer for a new rating period may not exceed the
17 sum of

18 (1) the percentage change in the new business premium rate measured from the first day
19 of the prior rating period to the first day of the new rating period; in the case of a health benefit plan
20 into which the small employer insurer is no longer enrolling new small employers, the small employer
21 insurer shall use the percentage change in the base premium rate, provided that the change does not
22 exceed, on a percentage basis, the change in the new business premium rate for the most similar health
23 benefit plan into which the small employer insurer is actively enrolling new small employers; and

24 (2) any adjustment due to change in coverage or change in the case characteristics of the
25 small employer, as determined from the insurer's rate manual.

26 * **Sec. 11. TRANSITION.** (a) Within 180 days after the board is appointed under AS 21.55.020,
27 enacted in sec. 5 of this Act, the board of directors of the Small Employer Health Reinsurance
28 Association shall submit a small employer health benefit plan to the director of the division of insurance
29 for approval. If the association fails to submit a suitable plan of operation, the director may, after notice
30 and hearing, adopt reasonable regulations necessary or advisable to effectuate the provisions of this
31 chapter. These regulations continue in force until modified by the director or superseded by a plan

1 submitted by the association and approved by the director.

2 (b) Notwithstanding AS 21.55.140(a), enacted in sec. 5 of this Act, a small employer insurer is
3 not required to offer a small employer a basic or standard health benefit plan until 180 days after the
4 director of the division of insurance has approved a basic and a standard small employer health benefit
5 plan under AS 21.55.140, except that, if the Small Employer Health Reinsurance Association has not
6 adopted a plan of operation, a small employer insurer is not required to offer a basic or standard health
7 benefit plan until the date a plan of operation is adopted as provided under AS 21.55.040.

8 (c) By September 1, 1992, a small employer insurer shall file with the director the insurer's net
9 insurance premium earned from health benefit plans delivered or issued for delivery to small employers
10 in this state in the previous calendar year.

11 (d) The Health Benefit Plan Committee, enacted in sec. 5 of this Act, shall submit the required
12 health benefit plans within 180 days after the members of the committee are appointed.

13 (e) Notwithstanding AS 21.55.070, enacted in sec. 5 of this Act, the board of directors of the
14 Small Employer Health Reinsurance Association shall provide the report required under AS 21.55.070
15 to the director of the division of insurance annually until December 31, 1997.

16 * Sec. 12. AS 21.36.025 and AS 21.55 are repealed.

17 * Sec. 13. Sections 4, 7, 9, and 12 of this Act take effect July 1, 1996.

18 * Sec. 14. Except as provided in sec. 13 of this Act, this Act takes effect July 1, 1992.

H B

5 3 8

Explanation of Changes in CS for House Bill No. 538 ()

1. Section 2, page 2, line 7 after "firefighter" add "or volunteer fire fighter"
2. Section 2, page 2, line 9, after "heart disease," add "circulatory disease,"
3. Section 2, page 2, line 15, add "In this subsection "cancer" means cancer of a typer caused by explsure to heat, radiation, or a known carcinogen, as defined by the International Agency for Research on Cancer."
4. Delete Section 3
5. Delete Section 4
6. Renumber Section 5 to Section 3

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ALASKA STATE HOUSE



CHAIR
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

SPONSOR STATEMENT

House Bill 538

Firefighters face occupational dangers that are unique to their work. They rush into uncontrolled environments where they are exposed to carcinogenic, poisonous or toxic smoke or fumes. They are also exposed to a growing list of hazardous chemicals, the effects of which are not fully known. The effects of exposure may not manifest itself until long after the exposure occurred.

House Bill 538 was introduced due to the unique hazards faced by firefighters. Under the state workers compensation program, this bill changes the burden of proof from the firefighter to the state, that any heart disease, respiratory disease, cancer or circulatory problems that the firefighter develops was not due to the firefighter's employment.

Alaska is one of the few states that has not established this presumption in regard to occupational diseases of firefighters. Forty-three other states have done so. House Bill 538 includes volunteer firefighters.

Sponsor statement



ANCHORAGE FIRE FIGHTERS UNION

LOCAL 1264
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AFL-CIO

1200 E. 76TH #1227
ANCHORAGE, ALASKA 99518



February 13, 1992

To The Honorable Members of the Alaska Legislature:

Representative Ellis is sponsoring legislation that would provide Alaskan firefighters with a rebuttable presumption of causation between occupational hazards associated with firefighting and certain diseases prevalent among active and retired firefighters. Specifically, the diseases covered by the presumption include heart and respiratory disease and cancer.

The presumption is necessary in order to ensure that firefighters will qualify for medical cost reimbursement, disability payments and death benefits associated with such illnesses. Under existing Alaska law, firefighters bear the legal burden of proving that such illnesses are occupationally related.

It should be noted that Alaska is one of only a few states that have not established a presumption with regard to occupational diseases. According to information recently received from the International Association of Firefighters, approximately 43 states have statutes establishing a presumption with regard to occupational diseases. The scope of the presumption varies from state to state.

Recognizing that most communities in Alaska have volunteer fire departments, this legislation would extend the benefit of the presumption to any firefighter, volunteer or paid, with five or more years active service.

We look forward to working with the Seventeenth Legislature for passage of this critically important legislation and will be happy to meet with members individually or in committee to foster its advancement. This legislation is the Anchorage Firefighters Union's number one legislative priority.

We respectfully encourage all legislators to consider co-sponsorship and would be happy to provide you with additional information and answer any questions you or your staff may have.

Sincerely,

Tim Cornelius
President

back-up
• • •

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO : HB 538

Revision Date: _____
Title: "An Act relating to workers' compensation ... for firefighters ..."
Sponsor: Representative Ellis
Requestor: House HES

Department Affected: Labor
BRU: Workers' Compensation
Component: _____
Workers' Compensation
COMPONENT SERIAL NO. 344

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Linda Rexwinkel, Director *LR* Phone: 465-2790
Division: Workers' Compensation Date: 3/26/92
Approved by Commissioner: C. W. Mahlen *C. W. Mahlen*
Agency: Department of Labor 3/26/92 Date: 3/26/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 538

Revision Date: _____

Department Affected: Administration

Title: An Act relating to workers' compensation and occupational disability benefits for fire fighters

BRU: Risk Management

Sponsor: Ellis, Donley, Finkelstein

Component: Risk Management

Requestor: _____

COMPONENT SERIAL NO.

0	0	7	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	300.0	500.0	700.0	900.0	1,200.0	1,500.0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	300.0	500.0	700.0	900.0	1,200.0	1,500.0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

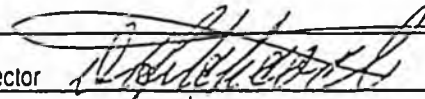
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE: 1007	300.0	500.0	700.0	900.0	1,200.0	1,500.0
TOTAL	300.0	500.0	700.0	900.0	1,200.0	1,500.0

POSITIONS:

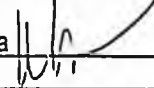
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)
See Attached.

Prepared by: Don Hitchcock, Director 
Division: Risk Management

Phone: 465-2180
Date: February 28, 1992

Approved by Commissioner: Nancy Bear Usura 
Agency: Administration

Date: 3/24/92

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

FN 300.0 Administration

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 538

ANALYSIS:

HB 538 creates a new and very broad presumption that any form of heart or respiratory disease or cancer affecting an individual with more than five years of fire fighting exposure arises from their work experience. This presumption is further expanded to apply for an additional 20 years beyond the last date the individual was employed as a fire fighter.

The terms "heart disease, respiratory disease and cancer" are very broad and will be construed to extend this presumption such that any form of the many variations of these diseases will be deemed caused by work rather than personal exposures.

The fiscal impact for this bill is difficult to estimate as it will extend not only to the 175 regular full-time fire fighters employed by the State, but also to the 130 regular seasonal fire fighters engaged by the Department of Natural Resources (average of 5.3 months per year) and possibly to the 600-800 emergency fire fighting crews that are hired for anywhere between 3 weeks to 2 months a year.

Conservative cost estimates (medical and wage loss) range between \$240,000 and \$400,000 for each potential permanent disability claim. We project future claims to increase each year due to the very broad language and 20-year extension period. Even by very conservative estimates we anticipate several cases in the early years, with ever increasing obligations even beyond our five-year projection.

Since the Division of Risk Management claims funds are collected entirely through interagency receipts, if enacted premium allocations to the employing agencies would be increased to meet this additional exposure.

7-LS1816D
Ford
3/31/92

CS FOR HOUSE BILL NO. 538 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES ELLIS, Donley, Finkelstein, Koponen

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to workers' compensation benefits for fire fighters; and providing for an
2 effective date."

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

4 * Section 1. FINDINGS. The legislature finds that fire fighters are

5 (1) required to work in conditions that result in exposure to smoke, fumes, and chemicals
6 that are carcinogenic, poisonous, or toxic;

7 (2) continually exposed to a vast and expanding field of hazardous substances;

8 (3) constantly entering uncontrolled environments to save lives and reduce property
9 damage;

10 (4) frequently not aware of the potential toxic and carcinogenic substances that they may
11 be exposed to;

12 (5) often exposed simultaneously to multiple carcinogens, unlike other workers;

13 (6) experiencing a rise in occupational heart disease, circulatory or respiratory problems,
14 and cancer related to the rapid proliferation of thousands of toxic substances in our everyday environment;

1 (7) being exposed to agents that can result in the development of heart disease,
2 circulatory or respiratory problems, or cancer very slowly over a period of five to 40 years;

3 (8) experiencing heart disease, circulatory or respiratory problems, and cancer that arise
4 out of and in the course of employment.

5 * Sec. 2. AS 23.30.120 is amended by adding a new subsection to read:

6 (d) In a proceeding under this chapter, there is a rebuttable presumption that heart
7 disease, circulatory disease, respiratory disease, or cancer suffered by a fire fighter ~~or volunteer~~
8 fire fighter is an injury that arises out of and in the course of employment if (1) the heart disease,
9 circulatory disease, respiratory disease, or cancer occurs during employment as a fire fighter; (2)
10 the fire fighter has been continuously employed as a fire fighter for five or more years
11 immediately preceding the onset of the disease; or (3) the disease occurs within 20 years
12 immediately following the termination of employment as a fire fighter, and the fire fighter was
13 employed for five years or longer as a fire fighter. In this subsection "cancer" means cancer of
14 a type caused by exposure to heat, radiation, or a known carcinogen, as defined by the
15 International Agency for Research on Cancer.

16 * Sec. 3. This Act takes effect July 1, 1992.

Injured Soldotna firefighter now battles for air



ASSOCIATED PRESS

Lung damage from a Soldotna blaze keeps firefighter Rusty Grilley constantly on oxygen.

ASSOCIATED PRESS

KENAI — A brief breath of toxic smoke has brought Soldotna fireman Rusty Grilley face to face with a deadly lung disease. Now he's not fighting fires, he's fighting for his life.

Grilley, 33, injured his lungs during a fire in January at Alaska Fast Foto in Soldotna. With other firefighters from Central Emergency Services, he was outside the small store when an unexpected gust blew fumes containing photo processing chemicals into his face.

After two visits to a Denver hospital specializing in respiratory problems, Grilley was diagnosed with bronchiolitis obliterans, a disease in which white cells, fighting infection in the lungs, produce scar tissue that closes off the lungs' smallest airways.

In his case, Grilley's lungs admit only 40 percent of the needed oxygen into the blood stream. He is on oxygen 24 hours a day to avoid any organ or brain damage.

Since doctors have little experience combatting the relatively rare lung disease, the effectiveness of his treatment is something of an unknown.

"The problem is, there's no scientific data on this kind of treatment," Grilley said as he inhaled oxygen through a tube secured around his nose. "I'm waiting to be written up."

Grilley is taking steroids to fight the inflammation in his lungs, which constantly burn, he said. The steroids, however, increase the amount of white cells in the lungs which cause the scar tissue, so he must also take chemotherapy pills to counterbalance the increase.

Doctors will not know if the steroids and chemotherapy are working for another three to six months, Grilley said. And if they do work, it will require at least another year of treatment and the oxygen.

Unfortunately, his lungs feel like they are getting worse. Others who have had similar but more severe diseased lungs have died within six

weeks, he said.

Grilley is confined to a breathing cord connected to a machine that boosts his intake of oxygen. His daily, 15-minute walk outside with a portable oxygen tank tires him substantially.

The situation has also been hard on his family. His wife, Cherie, and his three sons, David, 6, Daniel, 13, and Stephen, 16, have had to pick up the slack on tasks he used to do around the house. He cannot work, but he will receive a full-time salary for up to a year from the date of the fire.

Fire Chief Greg Barclay said Grilley's injury in the line of duty is the most severe in his memory.

Since the fire, the fire department has revised its procedures for working around toxic smoke. Firefighters now have better breathing apparatuses, and use a detector that determines the concentrations of carbon dioxide and other chemicals at a fire site.

THE FOLLOWING DOCUMENT MAY NOT FILM
LEGIBLY BECAUSE OF THE POOR QUALITY OF
THE ORIGINAL

CHEM CYCLO PEDIA

To John George

fax 789-6964

HB 538

This is the most
concrete statement.

Douglas Group
Air Health Project

THE MANUAL OF COMMERCIALY AVAILABLE CHEMICALS

CAS REGISTRY NUMBERS

CHEMCYCLOPEDIA is pleased to expand the usefulness of its listings by providing its users with Chemical Abstracts Service Registry Numbers for those chemicals for which such Numbers are available. The CAS Chemical Registry system enables users to gain access to a unique identification of a chemical substance on the basis of an unambiguous computer-language description of its molecular structure, including all stereochemical detail.

The CAS Registry Number itself has no chemical significance. It is simply a machine-checkable Number assigned in sequential order to each substance as it enters the Registry system. The value of the Number lies in the fact that it is a concise and unique means of substance identification that is independent of, and therefore bridges, the many systems of chemical nomenclature currently in use. As of mid-1990, the Registry contained records for more than 10 million substances; about 10,000 new chemical substances are being added to the Registry each week.

To obtain the chemical substance information associated with a CAS Registry Number published in CHEMCYCLOPEDIA, a user can employ any one of several access points. The most straightforward is to contact the CAS Registry Services at 1-614 447-3600, Extension 2306, or via Fax 1-614 447-3747. Using this CAS service, chemical substance information related to a CAS Registry Number, such as the CA Index Name or associated chemical synonyms, will be telefaxed or telephoned to you within 24 hours after placing the request (excluding weekends and holidays). Several hard-copy publications, such as the EPA Toxic Substances Control Act (TSCA) Inventory, the Merck Index, and the U.S. Pharmacopeia may be accessed using CAS Registry Numbers. Direct computer access is available through many online services, including STN International (CAS files and others containing CAS Registry Numbers), TOXLIT, CHEMLINE, and MEDLINE. Users interested in learning more about the CAS Chemical Registry system or CAS Registry Numbers should consult the Introduction to the CAS REGISTRY HANDBOOK—Number Section or ask their librarian for assistance.

H B

5 3 9

Alaska State Legislature

Legislative Research Agency



130 Seward Street, Suite 218
Juneau, Alaska 99801-2196

Phone: (907) 465-3991
Fax: (907) 463-3351

February 14, 1992

MEMORANDUM

TO: Representative Dave Donley

FROM: Patricia Young *PM*
Legislative Analyst

RE: Treatment for Children Sexually Abused Outside the Family
Research Request 92.105

You wished to know the basis for assertions that a high percentage of sex offenders were themselves sexually abused children. You also wished to know what counseling or treatment programs are available to children who have been sexually abused by persons who are not members of their households.

Sex Offenders as Victims

Numerous studies document the high incidence of childhood sexual abuse among sex offenders. According to David Finkelhor, Ph.D., co-director of the University of New Hampshire's Family Research Laboratory and one of the country's leading experts on child sexual abuse, studies generally show that between one third and one half of all offenders were, themselves, sexually abused as children.¹ Studies also show that as many as 60 to 80 percent of adult sex offenders began offending as juveniles or adolescents; that sexually aggressive behavior escalates; and that by the time of apprehension, most offenders have committed numerous sexually abusive acts.

¹Some studies have shown much higher percentages. In "Victim to Victimizer," *Journal of Interpersonal Violence*, September 1989, p. 326, Gail Ryan of the Kempe National Center for Prevention and Treatment of Child Abuse and Neglect referred to studies showing that as many as 70 to 80 percent of adult sex offenders were sexually victimized as children (Groth and Freeman-Longo, 1979; Longo, 1982; Kline, 1987). Fay H. Knopp commented in *Retraining Adult Sex Offenders: Methods and Models* (Orwell, VT: Safer Society Press, 1984), p. 53, that among sex offenders, sexual abuse during the developmental years is reported from a low of 20 percent to a high of 100 percent.

legislative research

Representative Donley
February 14, 1992
Page 2

Recent data collected by Dr. Finkelhor and others suggest that the incidence of child sexual abuse is alarmingly high, and that boys are victimized nearly as frequently as girls: approximately one in four girls and one in five to seven boys are sexually victimized by age 18. Nevertheless, approximately 90 percent of the apprehended adult sex offenders are male. Thus, although many offenders have been victims, it is not likely that most victims become offenders.

Dr. Sharon Araji, assistant professor with the Department of Sociology, University of Alaska, and an authority on how sexual abuse in childhood affects adult development, stresses that although not everyone becomes a perpetrator, no one escapes the trauma and the impact of being victimized as a child. Authorities agree that gender is significant in the manifestation of trauma associated with child sexual abuse: abused males have a far higher risk of becoming sex offenders than do females; females, on the other hand, tend to become lifelong victims--susceptible to rape, domestic violence, drug and alcohol addiction or other substance abuse.² Furthermore, women who have been abused as children are generally less capable of preventing their own children from being sexually abused--thus exacerbating the cycle.

Each incident of child sexual abuse results in multiple victims, and entire families need help to adequately deal with the trauma. Authorities agree that without adequate, appropriate treatment, the social cost of child sexual abuse is enormous.

Availability of Services for Children Victimized Outside the Home

According to Cindy Smith, coordinator of the Network on Domestic Violence and Sexual Assault, and Nina Kinney, Division of Family and Youth Services (DFYS), Department of Health and Social Services, formalized support services are available only for children abused by someone within their own households. Counseling and treatment are available to low-income individuals molested by non-family members on an extremely spotty basis through some shelters and crisis centers such as Standing Together Against Rape (STAR) in Anchorage, Aiding Women From Abuse and Rape Emergencies (AWARE) in Juneau, the Tundra Women's Center (TWC) in Bethel, and Women in Safe Houses (WISH) in Ketchikan. Although some agencies have community education programs, few have funding sufficient to provide adequate counseling and therapy on an on-going basis. Generally, these agencies and community mental health facilities report that little outreach is possible; they are able to assist only those individuals who come to them for help. Some facilities are overloaded to the extent that they are able to see individuals in immediate crisis only.

²Numerous other problems including multiple personality disorders, depression, promiscuity, and a propensity for suicide have been documented as attributable, at least in part, to sexual abuse during childhood.

Representative Donley
February 14, 1992
Page 3

Without exception, service providers across the state noted that there is a vast unmet need for services for children molested outside the home as well as for the non-offending family members, particularly in rural areas. Given the increasing number of sex offenders--among adolescents and even among the preadolescent--intervention is seen as necessary; prevention seen as critical.

I have attached a copy of the final "Report of the Child Sexual Abuse Working Group," submitted to Governor Cowper in 1988. Among other issues, this report addresses the need for services for children abused outside the family. I have also attached "Juvenile Sex Offenders," from the Fall 1991 *Virginia Child Protection Newsletter*, an article documenting the rise in sex offending among children. I hope this information is sufficient for your purposes. If you have questions or need further information, please let me know.

Attachment

REPRESENTATIVE DAVE DONLEY



ALASKA STATE LEGISLATURE
DISTRICT ELEVEN
SEAT A


3111 "C" STREET, SUITE 450
ANCHORAGE, ALASKA 99503
(907) 561-7629 (FAX) 562-4376

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LABOR AND COMMERCE COMMITTEE

M E M O R A N D U M

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

FROM: Representative Dave Donley 

RE: HB 539 - Appropriation for Mental Health
Treatment for Child Abuse Victims

DATE: February 20, 1992

I respectfully request that HB 539, a bill designed to make mental health services available to victims of child sexual abuse be scheduled for a hearing before the HESS Committee at the earliest possible opportunity. The appropriation in HB 539 is from the mental health trust income account.

Over the past years, while working on legislation to strengthen the laws against child abuse and sexual assault, I discovered that an incredibly large number of sex offenders have been sexually abused as children. I also discovered that there is essentially no treatment available in this state for children who have been abused by someone who does not live in the child's household. As shown in the attached research report prepared by the Legislative Research Agency, the problem is more severe in rural Alaska than it is in the urban areas of the state.

Unless we are willing to accept ever-growing numbers of sex offenses against children, we must do something to stop the cycle of abuse. Treating today's innocent victims of abuse is a concrete step that we can take to reduce the number of sex offenders tomorrow.

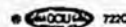
JUNEAU OFFICE



P.O. BOX

Sponsor statement

i661



The amount of the appropriation was determined as follows:

Training at 5 regional locations
(available to community mental health
providers, grantees of the Council on Domestic
Violence and Sexual Assault, etc.) \$126,000.00

15 Counselor positions at 14 locations

8 positions at \$85,000 (salary \$50,000,
benefits \$15,000, misc. costs \$20,000) to be
placed in the following communities:
Anchorage (2), Fairbanks, Juneau, Kenai,
Ketchikan, Sitka and Wasilla \$680,000.00

7 positions at \$98,000 (salary \$60,000,
benefits \$18,000, misc. costs \$20,000) to be
placed in the following communities: Barrow,
Bethel, Dillingham, Kodiak, Kotzebue, Nome,
and Unalaska \$686,000.00

For your information, I have asked the Mental Health Board to look at the amount of the appropriation and to determine whether it is reasonable in light of the magnitude of the problem. If the Mental Health Board believes that the amount of the appropriation should be changed, I will bring their position to the attention of the HESS Committee.

Thank you for your consideration of this request.



Official Business

Alaska State Legislature

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


House Health, Education and Social Services Committee

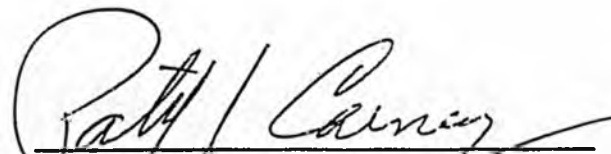
Letter of Intent

House Bill 539

The House Health, Education and Social Services Committee recognizes a gap in our mental health services for victims of child sexual abuse and strongly encourages the Finance Committee to favorably consider the increment requested by the Alaska Mental Health Board to accomplish the result intended in House Bill 539.

Dated: April 13, 1992


Representative Georgianna Lincoln
Co-Chair


Representative Pat Carney
Co-Chair

HOUSE COMMITTEE REPORT

4-14-92
Finance

(7)
 Date Referred: February 18, 1992

FURTHER REFERRALS:

Date of Committee Action: 4-13-92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 539

HOUSE BILL NO. 539

APPROP: SERVICES FOR CHILD ABUSE VICTIMS

"An Act making a special appropriation for mental health services for victims of child sexual abuse; and providing for an effective date."

RECOMMENDATIONS: the same title
 be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: H.E.S.S. 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 <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i> CARNEY	✓	<i>[Signature]</i> (LINCOLN)			✓
<i>[Signature]</i> Davis	✓				
<i>[Signature]</i> J. C. [unclear]	✓				
<i>[Signature]</i> Cheri Davis	✓				

[Signature]
 CO-CHAIRMAN'S SIGNATURE

H B

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POSITION PAPER
SPONSOR SUBSTITUTE FOR HOUSE BILL 545

PREPARED BY
COMMUNITY MENTAL HEALTH MEDICAID PROVIDERS

INTRODUCTION: This group consists of the community mental health center directors from Ketchikan, Juneau, Anchorage, Kenai, Fairbanks, and Matn. The group endorses House Bill 545, adopting: 1) "Targeted Case Management" for severely emotionally disturbed persons under the age of 18 and for chronically mentally ill adults, and 2) "Rehabilitation Services" for chronically mentally ill adults, as part of the Alaska Medicaid Plan.

Possibilities for implementation of this plan include: 1) replacement of the clinic option with the rehabilitation option, or 2) retention of the clinic option with the new additions. The position of this group is that people currently eligible for services should not lose access through these changes. The recommendation is for program eligibility to be defined consistent with AS47.30.545.

Within the next few years, the proposed changes could allow effective leveraging of state monies through the Medicaid program and also allow continued development of community based services. The proposed changes best meet the needs of consumers by allowing services to be delivered in their communities and in their homes, rather than in institutions and hospitals.

SERVICE SYSTEM: Targeted case management and rehabilitation services are central to effective community services. Case management is a system under which a designated person or organization is responsible for locating, coordinating, and monitoring a group of services. It is used to access and manage multiple resources for eligible people. Rehabilitation is a set of services which focus development of independent living skills and vocational skills, as well as provision of supportive social programs.

Over the past six years, community mental health programs in Alaska have effectively served chronically mentally ill people in their communities. The census of the Alaska Psychiatric Institute has been reduced from a range of 160-180 to a range of 80-100 through these efforts. Current service availability will be restricted by new regulations developed to address the only existing Medicaid mental health option. The proposed options will allow continuation and development of necessary community services.

FUNDING: This group endorses the concept of maximizing federal participation in the cost of providing mental health services. The growing population in our areas is increasing the need for mental health services. We believe that the best way to meet the needs without increasing state funding is by pursuing opportunities to match state dollars with federal dollars. In the absence of regulations defining reimbursable services and rates, it is not possible to calculate the impact of Medicaid refinancing on the community mental health center. Therefore, the plan should be advanced in a way which "holds harmless" the mentally ill people who presently receive services from community mental health centers in Alaska.

The bill should have minimal initial costs due to costs shifted from the clinic option now in place to the rehabilitation option. In subsequent years existing costs, as well as necessary service expansion costs, can be met with funds transferred from grant components and leveraged with federal matching funds.

PROVIDER SYSTEM: Providers should be limited to agencies able to deliver a full range of services and full continuity of care. The community mental health system prioritizes area wide, least intensive, community based services. This model emphasizes a total system of care which is coordinated to insure continuity and availability of services. The system is consistent with managed health care models which seek to limit costs and to maximize services with available monies. In addition, nonprofit organizations are a clear choice for use of public monies in that all proceeds are returned to the service system.

The position of this group is that provider eligibility should be limited to comprehensive services providers. These providers are defined as legal entities approved by the Division of Mental Health and Developmental Disabilities as meeting the requirements under AS47.30.540 - 47.30.620.



ALASKA CHAPTER
NATIONAL ASSOCIATION OF
SOCIAL WORKERS

8923 Tanis Drive
Juneau, Alaska 99801
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FAX (907) 790-2209

March 7, 1992

Executive Director
William Diebels, LCSW

The Honorable Bettye Davis
Alaska House of Representatives
P.O. Box V
Juneau, Alaska 99801

Regarding: SSHB 545

Dear Representative Davis,

The Alaska Chapter of the National Association of Social Workers (NASW) supports Medicaid coverage for rehabilitative services and targeted case management for substance abusers, chronically mentally ill adults and severely emotionally disturbed youth.

Medicaid's programs for mental health and chemical dependency care for low-income Alaskans could be significantly greater if Alaska expanded appropriate and effective community services. In adopting the rehabilitative and case management options, savings can be obtained from federal matching funds, and community outpatient care can be utilized in lieu of hospital care.

The Chapter does not support reordering the priorities given to optional services under the Medicaid program, unless all the services are going to be re-prioritized to reflect their importance to Medicaid recipients.

Any new service or provider should come in as priority 1 reflecting the most recent need for services. This is consistent with the Department of Health and Social Services' position relating to many Medicaid option bills. When acting upon 1990 CS HB 248, which added licensed psychologists and licensed clinical social workers as optional providers in the Medicaid program, both the Senate and House Finance Committees relied upon the Department's advise on this, and agreed that every new service ought to come in at the bottom of the list.

Thank you for your time.

Respectfully,

Theresa Tanoury, LCSW
Social Action Committee Chair

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ALASKA STATE LEGISLATURE

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VICE CHAIR
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COMMUNITY AND
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CHAIR
CHILDREN'S CAUCUS

REPRESENTATIVE BETTYE DAVIS

DISTRICT 14 SEAT B • EAST ANCHORAGE • MULDOON

S P O N S O R S T A T E M E N T

I appreciate the committee members hearing SSHB 545. SSHB 545 if adopted would provide Medicaid coverage for certain rehabilitation and case management services, an reorder the priorities given to optional services.

As you may know medicaid is a federal grant-in-aid program that is administered and partially funded by the State. Authorized by Title XIX of the Social Security Act, its purpose is to provide medical assistance to needy individuals.

Medicaid has become the largest funding source of public mental health services. Here in Alaska Medicaid dollars have been used to fund existing and traditional mental health services, rather than using the money to expand effective community services.

In January, the final Medicaid regulation for adult mental health services were approved. Some confusion remains regarding the broad scope of services that would be reimbursed by Medicaid. Alaska has, by statute, clinic option. This option has a number of serious limitations for services to severely mentally ill adults, particularly with regard to services provided in residential facilities. Under a clinic option, Medicaid cannot reimburse for services provided in a residential facility.

The new state regulations did not address this issue, as it was beyond the scope of the regulations. The regulations are intended to delineate options and procedures that are understood to be under clinic option.

The two key differences between rehabilitation and clinic services are as follows.

1. Clinic services must be offered in a clinic, but rehabilitation services can be provided anywhere they are appropriate or necessary; and
2. Clinics must be supervised by a physician who usually needs to be on-site, but rehabilitation services can be supervised by any qualified professional.

Sponsor Statement

Since both the mentally ill and substance abuse treatment structures have been moving away from clinic-based services and toward residential facilities and in-patients homes and workplaces, it is time for Alaska to adopt the rehabilitation option.

This is a critical funding issue for the Mental Health Clinics. It is important that legislation pass this year, because clinics fear that services could be reduced or eliminated.

Thanks for your consideration.

POSITION PAPER
SPONSOR SUBSTITUTE HOUSE BILL NO. 545

"An Act providing for Medicaid coverage for certain rehabilitation and case management services; reordering the priorities given to individual services under the Medicaid program; and providing for an effective date."

Analysis

Section 1 of SSHB No. 545 would amend AS 47.07.030(b) to add preventive services to the list of optional services Alaska's Medicaid program offers to eligible low-income persons, but it would restrict this service to those who are substance abusers or are chronically mentally ill adults. (Under federal mandates, the Department is adding rehabilitative services for individuals under 21 who are substance abusers or are severely emotionally disturbed.)

Section 1 also adds case management Medicaid services for three targeted groups: substance abusers of any age, chronically mentally ill adults, and severely emotionally disturbed children under 21.

Section 2 would place these new services twelfth and thirteenth in the AS 47.07.035 list of optional services to be deleted in the event of a Medicaid funding shortfall.

Discussion

It our understanding that the sponsors intend this bill to allow the grantees within the Division of Mental Health and Developmental Disabilities, the Community Mental Health Centers system, and the grantees of the Division of Alcoholism and Drug Abuse, to claim Medicaid's 50% Federal matching funds for the services they provide to Medicaid eligibles. This rationale lies behind the addition of "clinic services" to AS 47.07.030 and AS 47.07.035 years ago, and this option has resulted in millions of dollars of Medicaid funding entering the community mental health system, thus decreasing those providers' needs for unmatched state general funds.

The Department totally supports this intent. If we are to protect these essential services as Alaska's needy population grows and State revenues shrink, it can only be by maximizing other revenue sources such as Medicaid's federal match.

The current "clinic option", as it is defined federally, requires Medicaid-coverable diagnostic and treatment therapy services to be performed on the premises of a clinic and be supervised directly by a physician. This option's restrictions fit well, to some degree, with services provided by community mental health centers, though the physician-supervision requirement is expensive and difficult for rural

clinics. The primary treatment approach that is used to treat alcoholism and drug abuse does not fit either of the clinic option's two primary requirements.

Increasingly, each of these service systems find treatment best succeeds if it is delivered outside of a clinic setting, where the patient and his or her family actually lives and works, be it in the patient's residence or in a group home or other residential treatment facility.

The "rehabilitation services" Medicaid option allows for services to be delivered in any appropriate setting, without any direct physician supervision, so adopting this option would allow DMH-DD grantees to bill Medicaid for more services than they currently do, but not all the services they find necessary to provide, for some services Medicaid rules will simply not cover, no matter what option is chosen. It will also allow DADA grantees to enroll and begin billing Medicaid for services. Additionally, this rehabilitation option does allow Medicaid reimbursement for some skills re-training, to replace skills the patient has lost as a result of his or her illness; the clinic option does not allow these kinds of services to the same degree.

Both these treatment systems use case management as an integral part of their services, promoting the patient's access to necessary services. Adopting the case management option will allow these alternatives to draw federal matching funds for the first time. Good case management services have the potential to restrain cost (by assuring the patient gets only necessary services) and to maximize federal matching funds (by making sure patients pursue and keep Medicaid eligibility).

The Department believes that SSHB No. 545, as a refinancing initiative, lays the groundwork for very substantial fiscal advantages to Alaska. Not all of those advantages are summarized in this discussion or shown in our related fiscal notes; we plan to develop other refinancing strategies based on the rehabilitation option offered by this bill, and we will bring these to your attention as they are developed. However, we believe that the Legislature needs to keep in mind three key caveats:

(1) Developing the maximum funding advantages provided by this bill cannot be accomplished instantly, but requires extensive work by our staff and our grantees over a period of up to two years.

(2) Medicaid federal match cannot replace State grant funds dollar-for-dollar, either initially or over the longer range. Other states (such as Oregon) that have very sophisticated refinancing strategies have found that the optimum reduction is approximately an 80% savings: \$200 of new Medicaid funding, producing \$100 of

new Federal matching funds, can produce a corresponding \$80 reduction in state grant funds. There are many unavoidable reasons for this ; staffing is needed to bill Medicaid, a number of clients do go into and out of Medicaid-eligible status, there is a need to adjust staff and programs to meet federal requirements, the need to offer some services which cannot be covered by Medicaid, etc.

(3) The savings that would result from introducing or expanding Medicaid funding will vary widely from program to program, based on client characteristics and the types of services. For example, almost all chronically mentally ill persons are Medicaid-eligible, but very few substance abusers are. Thus Medicaid savings in DADA programs will be smaller than in DMH-DD programs. Also, Medicaid cannot pay for room and board costs in residential treatment facilities, which are more common in the DADA system.

Recommendations

We respectfully suggest several changes in SSHB No. 545: (1) There is no statutory definition of the term "substance abusers". We suggest the term be defined by amending AS 47.07.900 as follows: "substance abuser" means those persons described in AS 47.37".

(2) The Department finds it very difficult over time to resist administrative, political, and legal pressures to expand any Medicaid services to any private-sector provider who offers the services. Historically, we find the best method for restraining unintended expansion to be statutory. We recommend amending AS 47.07.900 (Definitions) as follows:

"Rehabilitation services" means services for substance abusers and emotionally disturbed or chronically mentally ill adults provided by state-approved outpatient community mental health clinics that receive grants under AS 47.30.320 -- AS 47.30.620 or state-approved drug or alcohol treatment centers that receive grants under AS 47.30.475.

"Targeted case management" means services for substance abusers, chronically mentally ill adults, and emotionally disturbed children under 21 provided by state-approved outpatient community mental health clinics that receive grants under AS 47.30.320 -- AS 47.30.620 or state-approved drug or alcohol treatment centers that receive grants under AS 47.30.475.

(3) Our analysis indicates that there would be a substantially greater refinancing potential within the DMH-DD system if "chronically mentally ill" adults were expanded to include those adults who seek occasional services for short-term mental health problems. We would suggest Section 1 and

Section 2 substitute the term "emotionally disturbed and chronically mentally ill adults" as persons eligible to receive rehabilitation services.

"emotionally disturbed and chronically mentally ill adults" means persons 21 years of age or older who receive services from grantees of the Department under AS 47.30.520 - AS 47.30.620.

Position

The Department believes SSHB No. 545 is an essential step toward refinancing programs supported by unmatched state general funds with 50% Federal Medicaid funds. We strongly support the passage of this bill.

Recommended by: Kimberly B. Busch Date: 3-9-92
Kimberly B. Busch
Director
Division of Medical Assistance

Approved by: Jay Liver for Date: 3-9-92
Theodore A. Mala, MD, MPH
Commissioner

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. SSHB No. 545

Revision Date: _____
Title: An Act providing for Medicaid Coverage
for

Department Affected: Health and Social Services
BRU: Medicaid
Component: Medicaid Non-Facility

Sponsor: B. Davis, Bover, Ellis

Requestor: _____

COMPONENT SERIAL NO.

0	2	2	9
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	161.9	150.5	163.8	181.0	197.2	214.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS; CLAIMS	1,536.3	2,015.9	2,217.5	2,439.3	2,683.2	2,951.5
MISCELLANEOUS						
TOTAL OPERATING	1,698.2	2,166.4	2,381.3	2,620.3	2,880.4	3,166.2

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

REVENUE FUND SOURCE:						
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FUNDING (Thousands of Dollars)

GENERAL FUNDS	184.3	258.5	252.9	279.1	208.5	337.6
FEDERAL FUNDS	899.4	1,101.6	1,241.4	1,365.6	1,598.8	1,648.1
OTHER FUND SOURCE: IA	614.5	806.3	887.0	975.6	1,073.1	1,180.5
TOTAL	1,698.2	2,166.4	2,381.3	2,620.3	2,880.4	3,166.2

POSITIONS:

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

Estimate of current year Impact:

ANALYSIS: (Attach a separate page if necessary.)
See attached analysis

Prepared by: Kimberly B. Busch

Kimberly B. Busch

Phone: 465-3355

Division: Medical Assistance

Date: 3/9/92

Approved by Commissioner: Theodore A. Mala, MD, MPH

Theodore A. Mala

Agency: Department of Health and Social Services

Date: 3/9/92

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

FISCAL NOTE ANALYSIS
SSHB NO. 545

1. Division of Alcoholism and Drug Abuse, Rehabilitation Services and Targeted Case Management Services. See related Fiscal Notes (2). (FY 93: Start Date of 7/1/92 for position, 1/1/93 for services.)

	<u>FY 93</u>	<u>FY 94</u>	
Benefit Cost	296.3	651.9	
Claims Cost	49.7	33.0	
RSA/Contractual	<u>38.9</u>	<u>36.9</u>	(for Position in DADA)
TOTAL COST	384.9	721.8	
Fed Match	224.4	387.7	
GF (RSA-DADA)	118.5	260.7	
GF (Medicaid)	<u>42.0</u>	<u>73.4</u>	
TOTAL REVENUE	384.9	721.8	

FY 93 contains one-time start-up contractual costs for the Medicaid Management Information system, consisting of 34.7 for new service modules, new edits, billing, billing system manuals and training, and new reports design. 15.0 is for processing new claims, at \$6.23 per claim. FY 94 costs for claim processing are 33.0. Contractual costs also include an RSA with the Division of Alcoholism and Drug Abuse (DADA) for the Federal (50%) matching funds for a position in that Division.

FY 94 costs for benefits are the costs for FY 93, doubled, plus 10% growth in number of recipients enrolled. A similar 10% growth is assumed for FY 95 and following for claims processing costs.

2. Division of Mental Health and Developmental Disabilities, Rehabilitation Services and Targeted Case Management Services. See related Fiscal Note.
(Start date of 7/1/92 assumed)

	<u>FY 93</u>	<u>FY 94</u>	
Benefit Cost	1,240.0	1,364.0	
System Cost	<u>73.3</u>	<u>80.6</u>	
TOTAL COST	1,313.3	1,444.6	
RSA from DMHDD	496.0	545.6	
Fed match	675.0	722.3	
New Medicaid SGFM	<u>142.3</u>	<u>176.7</u>	
TOTAL REVENUE	1,313.3	1,444.6	

FY 93 contains one-time start-up contractual costs for the Medicaid Management Information System, consisting of 34.7 for new service modules, new edits, billing system manual and training, and new reports and existing reports redesign. Claims processing costs, at \$6.23 per claim, (6,200) are estimated to be 38.6. FY 94 and following, a 10% annual increase in claims cost are estimated. System costs are 75% federal; benefits costs are 50% Fed, 50% SGFM.

Benefits cost for FY 94 and following are FY 93 costs increased by 10% annually for recipient and utilization increases.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

SSHB 545

Revision Date: _____ Dept. Affected Health & Social Services
 Title: An Act Providing Medicaid Coverage BRU: Alcohol & Drug Abuse Services
for rehabilitation & case management Component: Alcohol & Drug Abuse Grants
 Sponsor: B. Davis, Boyer, Ellis
 Requestor: _____ COMPONENT SERIAL NO. 1239

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	<118.5>	<260.7>	<286.8>	<315.4>	<346.9>	<381.7>
MISCELLANEOUS						
TOTAL OPERATING	<118.5>	<260.7>	<286.8>	<315.4>	<346.9>	<381.7>

CAPITAL						
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REVENUE						
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FUNDING:

(Thousands of Dollars)

GENERAL FUND	<118.5>	<260.7>	<286.8>	<315.4>	<346.9>	<381.7>
FEDERAL FUNDS						
OTHER						
TOTAL	<118.5>	<260.7>	<286.8>	<315.4>	<346.9>	<381.7>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED ANALYSIS

Prepared by: Suzanne Perry Phone: 465-2071
 Division: Alcoholism & Drug Abuse Date: March 6, 1992
 Approved by Commissioner: Theodore A. Mala, MD MPH Date: March 6, 1992
 Agency: Department of Health and Social Services

Distribution (by preparer):

Legislative Finance OMB
 Legislative Sponsor Impacted Agency(ies)
 Requestor

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SSHB 545

Revision Date: _____ Dept. Affected Health & Social Services
 Title: An Act Providing Medicaid Coverage BRU: Alcohol & Drug Abuse Services
for rehabilitation & case management Component: Administration
 Sponsor: B. Davis, Boyer, Ellis
 Requestor: _____ COMPONENT SERIAL NO. 0302

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	54.8	56.8	59.7	62.6	65.8	69.0
TRAVEL	10.0	10.5	11.0	11.6	12.2	12.8
CONTRACTUAL	5.0	5.3	5.6	5.9	6.2	6.5
SUPPLIES	1.0	1.1	1.2	1.3	1.4	1.5
EQUIPMENT	7.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	77.8	73.7	77.5	81.4	85.6	89.8

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

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

FUNDING:

(Thousands of Dollars)

GENERAL FUND	38.9	36.9	38.8	40.7	42.8	44.9
FEDERAL FUNDS						
OTHER (interagency)	38.9	36.9	38.8	40.7	42.8	44.9
TOTAL	77.8	73.7	77.6	81.4	85.6	89.8

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED ANALYSIS

Prepared by: Suzanne Perry
 Division: Alcoholism & Drug Abuse
 Approved by Commissioner: *Th* Theodore A. Mala MD, MPH
 Agency: Department of Health and Social Services

Phone: 465-2071
 Date: March 6, 1992
 Date: March 6, 1992

Distribution (by preparer):
 Legislative Finance OMB
 Legislative Sponsor Impacted Agency(ies)
 Requestor

ANALYSIS (cont.):

Section 1 amends AS 47.07.030(b) to include rehabilitation services for substance abusers and chronically mentally ill adults, targeted case management services for substance abusers and chronically mentally ill adults as well as those severely emotionally disturbed persons under 21 years of age as optional services to be paid for by Medicaid.

Section 2 prioritizes these additional services. Targeted case management services is the twelfth (12) service to be discontinued if a shortage of funds occurs, and rehabilitation services for substance abusers and chronically mentally ill adults is the thirteenth (13) service to be discontinued if a shortage of funds occurs.

There are 18 residential primary treatment facilities. Of these, there are two residential facilities which regularly treat pregnant women. There is one treatment center which is exclusively for pregnant women, and there is one post-treatment (half-way house) facility for substance abusing women.

The costs of treatment in these facilities varies from a high of \$231/bed/day to a low of \$96/bed/day.

The average cost is \$150/bed/day for the primary treatment facilities.

As Medicaid will not pay for room and board costs, we estimate treatment costs to be 70% of the total cost. Therefore, of a total cost of \$150/bed/day, \$105 would be Medicaid reimbursable.

Outpatient costs average \$50/hour. Outpatient charges include individual counseling and case management which is termed aftercare by the substance abuse field.

The assumptions which were used to develop the fiscal impact on grants include the following:

FY 93 -- six months of regulation development, and program training followed by six months of actual client activity.

Figures are based on 75 clients requiring 25 hours of outpatient care at \$50/hr, with 50 hours of group counseling at \$30/hr with 30 hours of aftercare (casemanagement) at \$50/hr. Additionally, 25 clients would require 90 days of residential care at \$105/day followed by 30 days of aftercare (casemanagement).

During the first six months of FY 92, for all programs there were 100 admissions which appear to be Medicaid eligible clients. As intake information is gathered for client profile purposes and not for eligibility criteria, it is difficult to determine whether these clients are actually Medicaid eligible. The formula which was used is:

75 clients X 25 OP hours X \$50 =	\$ 93,750
75 clients X 50 GP hrs X \$30 =	\$112,500
75 clients X 30 Aftercare hrs X \$50 =	\$112,500
25 clients X 90 days resid. X \$105 =	\$ 236,250
25 clients X 50 days Aftercare X \$50 =	\$ 37,500
Total	\$592,500

During the first year, clients would be seen for a six month period due to initial start up activities. Therefore, Medicaid eligible costs would be one half of \$592,500 or \$296,250. One half of these costs would be reimbursable by Medicaid or \$148,125. Of this, 20% general fund would be retained and not be replaced. Therefore the total amount to be refinanced by Medicaid in year one would be \$148,125 X .80 = \$118,500.

It is estimated that each year would see a 10% increase over the initial year.

For each subsequent year, a 10 % growth factor was taken on a full year. Therefore, for FY 94, the calculation was: $\$592,500 \times 10\% = \$651,750$; one half medicaid match = $\$325,875 \times 80\% = \$260,700$.

The vast majority of all clients seen are single persons with no children in the household with incomes under \$10,000/year.

The Division of Alcoholism and Drug Abuse recently began collecting information on pregnancy status of women. It is not possible to determine from available information how many of these women were medicaid eligible. During the first six months of FY 92, there were 5 pregnant women in treatment. There were an additional 12 women seen at the pregnant women's treatment center.

It is also anticipated that the Division of Alcoholism and Drug Abuse would require a staff specialist in medicaid to assist programs with this effort. This position would be located in Juneau.

This position would be a Health Program Specialist at a range 17. This position would be able to provide written and on-site technical assistance to all programs regarding medicaid. The current COLA of 3.6% was used for salaries and 5% used for other costs after FY '93. Travel costs were based on the average travel (\$10.0) for a Health Facilities Surveyor with a full survey load. Travel throughout the entire state would be required to assist programs in obtaining capability to participate in medicaid. Contractual (\$5.0) and supplies (\$1.0) are a standard figures used by the division for these costs; and equipment (\$7.0) is based on equipment and computer workstations that are required for a new position. No additional office space is anticipated.

It is anticipated that this position would be Medicaid funded. Therefore, one half of the costs of this position would be paid through an RSA from medicaid.

FISCAL NOTE

STATE OF ALASKA
LEGISLATIVE SESSION

BILL NO. SSHB545

Effective Date: _____ Department Affected: Health and Social Services
 Title: An Act Providing For Medicaid BRU: Community Mental Health Grants
 Purpose: _____ Component: Psychiatric Emergency Services,
 Sponsor: B. Davis Svs to CMI, Svs to SED, General Comm. MH Services
 Requestor: _____ COMPONENT SERIAL NO.

1	4	3	5
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
NONCONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(496.0)	(545.6)	(600.2)	(660.2)	(726.2)	(798.8)
MISCELLANEOUS						
TOTAL OPERATING	(496.0)	(545.6)	(600.2)	(660.2)	(726.2)	(798.8)
CAPITAL						
REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	(496.0)	(545.6)	(600.2)	(660.2)	(726.2)	(798.8)
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	(496.0)	(545.6)	(600.2)	(660.2)	(726.2)	(798.8)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

• See attached

Prepared By: Margaret R. Lowe Phone: (907)465-3370
 Division: Division of Mental Health and Develop. Dis. Date: 3/9/92
 Approved by Commissioner: Theodore A. Mata MD, MPH
 Agency: Health and Social Services Date: 3/9/92

Division of Mental Health and Developmental Disabilities
Fiscal Note Analysis
SSHB No. 545

Community Mental Health Clinics (CMHC) are currently billing Medicaid for clinic services. While the clinic option would remain in place and be used by private sector physician mental health clinics, we assume those clinic services currently billed by CMHCs would move to the rehabilitation services category. CMHC would also bill for some services allowed under the rehabilitation option but not under the clinic option, such as home-based therapy and therapies not delivered in the clinic. Targeted case management services now being provided but not billed will become billable.

For FY93, we anticipate total rehabilitation services billings of 2,706.2 (60,138 hours at \$45.00/hour) and total case management billings of 3,589.4 (102,553 hours at \$35.00/hour), for a total of 6,295.6 until extensive discussions have been held with Federal Medicaid program authorities to precisely define each matchable rehabilitation and case management service and each CMHC can assess how best to reallocate staff to offer these matchable services. It is difficult to assess how much of this total will represent new Medicaid costs for services not now being billed under the clinic services option. Offsetting savings also result from moving away from the clinic option, since home and community based services can be accomplished less expensively, with lower-priced staff, and they are often more effective, so fewer service hours will be required to reach treatment goals.

However, we estimate that only 1,240.0 of these services will be new services for Medicaid purposes, 620.0 federal funds, 620.0 state general funds match. We propose to transfer 80% of this amount, 496 from CMHC Grants to the Division of Medical Assistance, Medicaid Non-Facility, for matching purposes. The 20% to be retained by grantees will be used initially to staff for additional Medicaid billing effort, transition from grant funding for fee-for-services funding, accomplish staff changes and training, and for systems changes.

FY94 and following, a 10% annual increase in this grant decrease/transfer is assumed, largely for caseload growth in the numbers of eligible persons receiving the services.

Anchorage Daily News

Gerald E. Grilly
Publisher



Howard Weaver
Editor

Michael Carey, Editorial Page Editor

Patrick Dougherty, Managing Editor

Katherine Fanning, Editor and Publisher 1971 to 1983

Lawrence Fanning, Editor and Publisher 1987 to 1971

Founded in 1948 by Norman C. Brown

Halfway houses

Don't close the one we've got

When it comes to helping the homeless, soup kitchens and shelters — as crucial as they are — are the quick fix. Halfway houses are the means to get people off the streets and keep them off. They provide not just shelter but structure and support. They help homeless people make the transition to an independent life.

Halfway houses are especially important for the 40 percent of homeless people who suffer from a chronic, disabling mental illness. The structured environment of a halfway house can keep them on their medication, help them learn to cope with their illness.

We know all this. So why are we going backwards?

The Transitional Care Center, a halfway house for up to 18 severely mentally ill people, will close at the end of the month after losing its federal funding.

The center has received Medicaid funding since it opened 10 years ago. But the state took a second look at the federal regulations and decided the halfway house doesn't qualify and probably never should have, at least under the Medicaid plan the legislature chose years ago.

The legislature could close this loophole in the safety net by approving a different Medicaid option, one that covers a residential program. There is no justification for not funding the only help anyone has to offer the homeless mentally ill.

Nearly 30 years ago, Congress decreed that the mentally ill would be better served in communities, not in state mental hospitals. Now hospitals have only a fraction of their former patients, but communities weren't given the resources to care for the rest. People with disabling mental illness, who need help but can't get it, end up on the streets.

The Transitional Care Center gave some of them a place to go. We should be opening more halfway houses for the mentally ill. It's unconscionable that, instead, we're closing the one we've got.

Anchorage Daily News Editorial

HB

547

REPRESENTATIVE TOM MOYER

DISTRICT 19 • 119 N. CUSHMAN ST., SUITE 203 • FAIRBANKS, AK 99701 • (907) 456-8161
International Trade & Tourism, Chair • State Affairs, Vice Chair • Resources, Member

MEMORANDUM

To: ✓ Representative Pat Carney, Co-Chair
Representative Georgianna Lincoln, Co-Chair
Health, Education, & Social Services Committee

From: Representative Tom Moyer

Date: February 19, 1992

Re: HB 547, Governor's Public Policy Chair, and HB 548,
Appropriation for U of A Endowment Trust Funds

With this memo, I respectfully request a hearing date as soon as possible for House Bill 547, which seeks to establish an endowed chair at the University of Alaska in tribute to contributions made by past governors, and for House Bill 548, which would provide funding for the governors public policy chair, and for the existing Robert B. Atwood journalism chair at UAA.

I look forward to discussing the merits of this legislation with you at the earliest possible date. Thank you in advance for your consideration. Backup is forthcoming.

ALASKA STATE LEGISLATURE • P.O. Box V • JUNEAU, AK 99811 • (907) 465-4930

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University of Alaska

Statewide System

HB 547/548 Establishment of Endowed Chairs at the University of Alaska

INTRODUCTION

The complete, and usually perpetual, funding of specific faculty positions, usually referred to as "chairs", is a vital part of any university's growth and development. Such support is important because it provides the assurance that such positions, and the research and teaching they make possible, will exist despite changes in funding priorities by the institution or by government appropriations. Chairs are also excellent opportunities for major donors or legislatures to attribute the name of a prominent private or public figure with a specific academic discipline in perpetuity.

Holders of chairs are selected from among nationally renowned individuals in specific disciplines and occupy the chair for periods ranging from one to five years. Selection is accomplished by a committee established for the purpose by the President and/or Chancellor with representation by members of the discipline supported by the chair. Since holders of chairs are accomplished academic or public figures, and since they change every few years, chairs provide an important infusion of new ideas and high quality teaching and research into the university. This high quality in turn attracts better junior faculty as well as graduate students eager to pursue their academic careers under a prestigious chair holder.

FUNDING LEVEL FOR ENDOWED CHAIRS

In 1988, the Board of Trustees of the University of Alaska Foundation, which manages the endowment funds of the University of Alaska, established the level for an endowed chair at \$1,500,000 to \$2,000,000. The variation depends on the discipline of the chair, and the level of support necessary.

The University of Alaska Foundation's investment policy stipulates that the annual spendable income of an endowment fund shall be equal to 5.5% of the June 30 market value of the endowment. Any earnings in excess of this amount are returned to the principal to insure that future earnings will keep pace with inflation. The 5.5% figure is a national norm for such endowment earnings distributions. A \$2,000,000 endowment earns \$110,000 per year and a \$1,500,000 endowment earns \$82,500 per year.

contact: Wendy Redman, Vice President
University Relations

Position Paper

PUBLIC/PRIVATE MATCH

The endowments established in HB 547 and HB 548 are premised on a match of public and private funds.

In the case of the Robert B. Atwood Chair in Journalism, it is our intention that private fundraising will account for \$1,000,000 to match the \$500,000 appropriated by the state. In the case of the Governor's Chair in Public Policy, it is our intention that private fundraising will account for \$500,000 to match the \$1,000,000 appropriated by the state. Our intention is that named chairs will be established with a 2:1 ratio of private to state funding like that proposed for the Atwood Chair. The Governor's Chair is an exception because of the nature of the chair does not involve an individual donor, nor it is named for a specific individual.

In order to most effectively use the state funding included in HB 548 as an incentive for securing private donations, it is the recommendation of the University that the funds be held in an account by the state until such time as the private donations have been received.

ROBERT B. ATWOOD CHAIR IN JOURNALISH

The Atwood Chair in Journlism has become nationally renowned as a chair for the outstanding journalists from around the nation. The faculty who have served in this position have contributed substantially to the establishment of the highly regarded UAA Journalism program. Robert Atwood has been personally supporting this position for many years, and it is now our intention to permanently endow the position so that it may be maintained in perpetuity. Mr. Atwood is prepared to make a substantial personal donation to the endowment, and the balance of funding will be raised from private sources.

GOVERNORS CHAIR OF PUBLIC POLICY

The area of public policy is a major instructional and research interest at the University of Alaska. It has long been felt that the establishment of an endowed chair in public policy would provide a forum for a distinguished state leader to make contributions to the University and the State of Alaska. The idea of providing an academic position for distinguished public policy leaders, with preference for past state Governors, is particularly appropriate. This is a common form of endowed chair around the country, and would provide a substantial benefit to our students as they prepare for careers in the public sector.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB547

Introduced: 2/18/92
 Title: UA Governor's Public Policy Chair

Department Affected: **UNIVERSITY OF ALASKA**
 BRU: ALL
 Component: ALL

Sponsor: Reps Moyer, Barnes
 Requestor: Rep Moyer

Component Serial No: ALL

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY93	FY94	FY95	FY96	FY97	FY98
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & 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 FD SOURCE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUNDS						
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-

ANALYSIS (Attach additional pages as necessary)

The implementation of HB547 is dependent upon the passage of the appropriation contained in HB548 and private donations.

Prepared by: Marsha Hubbard, Director
 Division: Statewide Budget Office

Phone: 474-7593
 Date: 2/28/92

Approved by: Brian Rogers, Vice President for Finance
 Agency: University of Alaska

Date: 2/28/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies)

H B

5 4 9

WALTER J. HICKEL
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 19, 1992

*The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear Speaker Grussendorf:

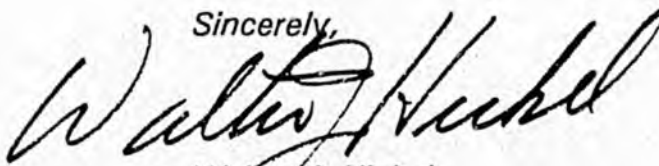
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would exempt University of Alaska student and employee grievances from the Administrative Procedure Act (APA).

The Alaska Supreme Court recently ruled that, under AS 44.62.330(a)(45), the administrative adjudication procedures of the APA (AS 44.62.330 - 44.62.630) apply to the university. Internal disputes such as employee and student grievances traditionally have been resolved through the university's grievance procedure. That procedure is built around a process of peer review, with a multi-step appeal process. Compared to the university's grievance procedure, in which grievances are often resolved with little or no expense in the earlier stages, the APA procedure is cumbersome and expensive, and not as readily accessible to the individual grievant. Therefore, the bill simply deletes the university from the list of state agencies that must use those procedures.

This legislation would permit the university to continue to use its longstanding dispute resolution and grievance process, which is consistent with practices found in the public sector and with the collegial atmosphere that characterizes a university setting.

I urge your prompt and favorable attention to this bill.

Sincerely,



Walter J. Hickel
Governor

University of Alaska

Statewide System

HB 549/SB 441 Exempt UA Grievances from APA

In June, 1990, the Alaska Supreme Court overturned a Superior Court decision and found that because the University of Alaska was not specifically excluded from the adjudication procedures of the Alaska Administrative Procedures Act (AAPA), it must implement grievance procedures pursuant to AAPA, or "...seek a remedy from the legislature".

The APA adjudication procedures apply to boards and commissions listed in Sec 44.62.330, in third party actions dealing with the granting or denying "...a right, authority, license, or privilege...". For instance, when an individual is denied a real estate license, that person is entitled to a hearing before the Real Estate Commission through the process outlined in this statute. The quasi-judicial proceedings included in the APA are not intended for employee or student grievances, but rather for what are essentially licensing decisions and disputes involving state boards and commissions.

The statute as currently written applies to the University of Alaska, "...except to the extent that its inclusion is inconsistent with the provisions of AS. 14.40", the statute specifically outlining the responsibility and authority of the Board of Regents and the President of the University of Alaska. AS 14.40 gives the Board of Regents the right to "...adopt reasonable rules, orders, and plans...for the good government of the University." Taken together with the strong constitutional powers in Title 14, Article VII, Section 3 of the Alaska Constitution, the Board has plenary authority to govern and manage the University. Transcripts of the legislative history of the APA statute reveal that the legislators had no intention that this section be interpreted in a way that would negate internal grievance procedures. The Supreme Court, however, did not consider legislative intent, and because the APA does

contact:

Wendy Redman
UA Statewide System
463-3086/474-7582

Position Paper

not specifically exempt the University, and because the referenced statutory language in AS 14.40 does not specifically grant the Board the authority to establish grievance procedures, they essentially directed the University to seek the appropriate legislative action for clarification.

The University is seeking a clear exemption from the requirements in AS 44.62.330 (a)(45). The APA grievance procedures do not apply to any employee group in the state. Provisions in the state statutes covering collective bargaining require that grievance procedures be part of all collective bargaining contracts, and non-covered state employees are included in grievance procedures established within their specific agencies and departments.

Employee and student grievance procedures, which incorporate constitutionally required due process protections, are traditionally built around a process of peer review and consideration with appeal rights at several levels all the way to the President. The majority of University grievances are resolved at an early state of review, and are done so at little or no cost to the grievant or to the University. The imposition of the APA procedures, however, will now impose a quasi-judicial proceeding on all university grievances, including the utilization of a formal hearing officer. The additional cost, complexity and formality of the APA requirements are contradictory to the resolution of student and employee grievances, and are contradictory to the collegial approach that characterizes a University setting.

If this legislation is not passed, it is anticipated that the University will have to pay approximately \$200,000 per year for hearing officers, and associated costs involved with this complex process.

A "grandfather" clause is included with the legislation that provides the APA procedures be utilized for all grievances filed prior to the final passage of this legislation.

Juneau Central Labor Council

AFL-CIO

124 Front St., Juneau, AK 99801 • (907) 586-9711



Mr. Charles Mahlen
Commissioner, Department of Labor
POB 21149
Juneau, AK 99802

RE: Division of Worker's Compensation

Dear Commissioner Mahlen:

The Legislature just conducted its fourth hearing on the Division of Worker's Compensation. We have watched the proceedings on television. We have read numerous articles in newspapers across the state. We have all but memorized the cases of alleged interference on the part of the Director, and we watched in dismay while the Director released copies of grievances in an attempt to impugn the reputation of her employees. We would like to add our voice calling for her resignation.

As members of the Central Labor Council, we would like you to know that we are disturbed that this has become a "labor" issue as several legislators would have you believe. Although our member unions represent the hearing officers as well as many of the injured workers who have filed claims, this has become an issue of public policy. With so many doubts from so many people, hearing officers, the former director, and board members representing both management and labor, we question whether or not the integrity of the division can easily be restored. Whenever legislative bodies or institutions or boards carry out their duties, there must never be a shadow of doubt hanging over the proceedings. Employees and employers are wondering if they will receive a fair hearing under the present circumstances. It is imperative that faith in the process be restored. This can only be accomplished if the present Director of Workers Compensation leaves.

Thank you for your fair and considerate handling of this situation over the last few weeks.

Sincerely,

Joan Wilkerson, President

cc: All Legislators

Juneau Central Labor Council

AFL-CIO

124 Front St. • Juneau, AK 99801 • (907) 586-9711

April 8, 1992

Representative Bettye Davis
House Health & Social Services Committee
Room 409
State Capitol
Juneau, AK 99801-1182

Re: Opposition to HB 549

Dear Representative Davis:

The Juneau Central Labor Council strongly opposes HB 549.

The Administrative Procedures Act was created by the legislature for the purpose of ensuring due process to persons adversely affected by administrative action, such as adverse employment or personnel actions. With HB 549, the Governor is suggesting that the University of Alaska be permitted to disregard these due process concerns. This bill thus represents a direct attack upon employee rights.

When the state community college system merged into the state university system, the Alaska Supreme Court addressed the issue of the applicability of the APA to a grievance brought by community college instructors in McGrath v. University of Alaska, 813 P.2d 1370 (Alaska 1991). The Supreme Court held that the use of the APA was appropriate and, in fact, "... the University's academic freedom is strengthened, rather than undermined, by the existence of a grievance procedure for adverse employment decisions which comports with the basic requirements of the APA and due process."

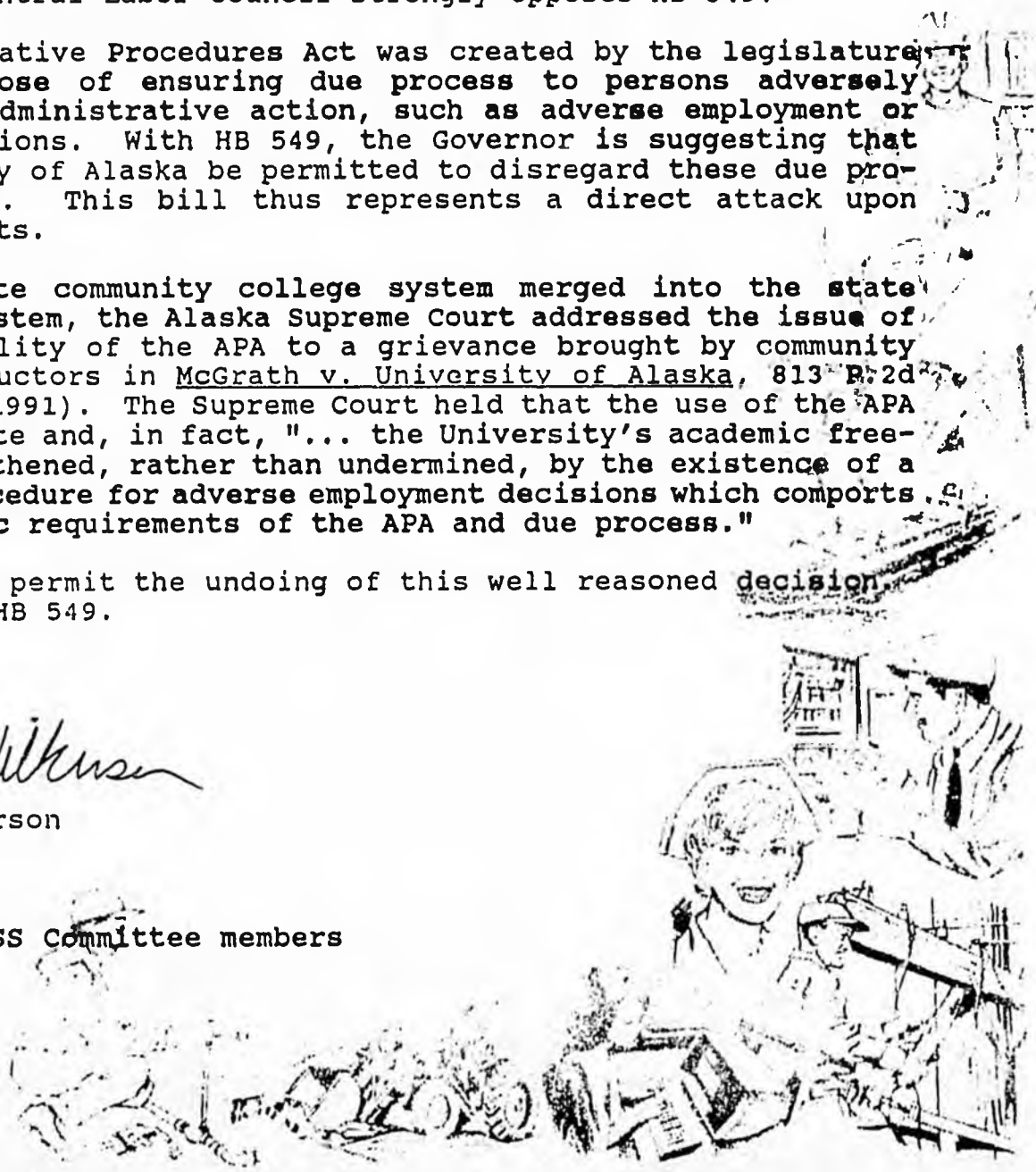
Please do not permit the undoing of this well reasoned decision.
Vote against HB 549.

Sincerely,



Joan M. Wilkerson
President

cc: House H&SS Committee members



April 5, 1992

The Honorable Pat Carney
Pouch V
Juneau, AK 99801

RE: House Bill 549

Dear Representative Davis:

- * The purpose of the Administrative Procedures Act is to insure responsible government

The University is obligated to act equally responsibly toward employees and the general public. The procedures for ensuring compliance are clear under the adjudicative procedures of the Administrative Procedures Act.

As the recent court case, McGrath v. University of Alaska (813 P2d 1370) demonstrates, the UNIVERSITY OF ALASKA HAS REPEATEDLY FAILED TO INSTITUTE EQUITABLE ADJUDICATION PROCEDURES FOR EMPLOYEES under policies and regulations of the Board of Regents.

The CITIZENS of the state of Alaska RELY UPON the adjudicative procedures of THE ADMINISTRATIVE PROCEDURES ACT AS APPLIED TO EMPLOYEES OF THE UNIVERSITY OF ALASKA. The adjudicative procedures of the APA make it possible for an employee to seek resolution when internal practices of the University are against public policy. They provide the protection employees need to "blow the whistle" when necessary. EMPLOYEES SHOULD HAVE THE OPPORTUNITY TO APPEAL BEYOND THE UNIVERSITY PRESIDENT TO AN EXTERNAL AUTHORITY.

- * Is the University seeking exemption from the discipline provided by the adjudicative procedures of the APA?

If University practices are fair and reasonable, expense to the University in providing protection under the procedures of the APA will be the same for employees as to the general public.

Contrary to assumptions made and distributed at University expense by the governance body of the University of Alaska (see enclosures), THE IMPOSITION OF THE ADJUDICATIVE PROCEDURES OF THE APA WILL NOT IMPOSE A QUASI-JUDICIAL PROCEEDING ON ALL UNIVERSITY GRIEVANCES, NOR WILL THEY REQUIRE UTILIZATION OF A FORMAL HEARING OFFICER for all grievances. As noted, most grievances are resolved at early stages, with little or no cost to either party. IF University practices are fair and reasonable, little change should occur.

Please recommend and vote against passage of this bill.

Lois Foster

Lois Foster, 513 East Street, Juneau, AK 99801

From: JAN M HENDERSON

TO: GOVERNANCE LEADERS

FROM: JAN HENDERSON
UAA GOVERNANCE OFFICE

SUBJECT: UNIVERSITY GRIEVANCE PROCEDURES
ALASKA ADMINISTRATIVE PROCEDURES ACT

Please share this information with other faculty, staff and students. If you have any questions, call me at 786-1945.

POMs (Public Opinion Messages) need to be sent WEDNESDAY, JANUARY 29, 1992, to the Governor's office regarding introduction of a bill exempting the UA from the APA. Please take five minutes out right now and encourage the Governor's office to introduce this important legislation. Your voice message or fax message is urgently needed today.

Send to: Governor Walter J. Hickel
Anchorage phone: 561-4228
Anchorage fax: 561-4356.

Remember, do not use university letterhead. This bill has not been assigned a number, but is entitled:

"AN ACT EXEMPTING THE UNIVERSITY OF ALASKA FROM THE ADMINISTRATIVE ADJUDICATION PROVISIONS OF THE ADMINISTRATIVE PROCEDURES ACT".

Rationale: The Alaska Administrative Procedures Act (APA) grievance procedures do not apply to any employee group in the state, and there is a substantial body of evidence from legislative hearings that there was not intent that the AAPA be applied to University grievance procedures. The proceedings included in the AAPA are not intended for employee or student grievances, but rather for citizen grievances against state boards and commissions. Employee and student grievance procedures are traditionally built around a process of peer review and consideration with appeal rights at several levels all the way to the President. The majority of University grievances are resolved at an early stage of review, and are done so at little or not cost to the grievant or to the University. The imposition of the AAPA procedures, however, will now impose a quasi-judicial proceeding on all university grievances, including the utilization of a formal hearing officer. The additional cost, complexity and formality of the AAPA requirements are contradictory to the resolution of student and employee grievances and are contradictory to the collegial approach that characterizes a university setting.

Attachment 5

Classified Employees' Association
University of Alaska Southeast
11120 Glacier Highway
Juneau, Alaska 99801

Walter J. Hickel, Governor
State of Alaska
Pouch A
Juneau, Alaska

Dear Governor Hickel:

The Classified employees of the University of Alaska Southeast support the legislation which would exempt the University of Alaska from the Alaska Administrative Procedures Act. Our reasons are:

- 1) The Alaska Administrative Procedures Act grievance procedures do not apply to any employee group in the state and there is a substantial body of evidence that there was not intent to apply the AAPA to the University grievance procedures.
- 2) The proceedings included in the AAPA are not intended for employee or student grievances, but rather for citizen grievances against state boards and commissions.
- 3) Employee and student grievance procedures are traditionally built around a process of peer review and consideration with appeal levels all the way to the President.
- 4) The majority of University grievances are resolved at an early stage of review, and are done so at little or no cost to the grievant or the University.
- 5) The imposition of the AAPA procedures will impose a quasi-judicial proceeding on all university grievances, including utilization of a formal hearing officer.
- 6) The additional cost, complexity and formality of the AAPA requirements are contradictory to the resolution of student and employee grievances and are contradictory to the collegial approach that characterizes a university setting.

We urge you to proceed with the introduction of this important bill which has our complete support.

Sincerely,

Donna Chantry, President
UAS Classified Employees Association

cc: Paul Fuchs

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

SHOW NEWS

**** 18-MAR-1992 08:26 "Proposed 17 Million UA Budget Cuts"

SUBJECT: PROJECTED IMPACTS OF PROPOSED \$17 MILLION CUT TO UA FY93 BUDGET

Note: This file contains the text of the presentation President Komisar will make to the House and Senate Finance committees March 18, a summary of impacts to each unit, and historical comparisons of the UA budget share of the state general fund operating budget, and of the UA budget to the Higher Education Price Index from FY85 through FY92. Budget impact details for UAA, UAF, UAS and statewide programs and services are too long to include on SHOW NEWS, but may be found on the SYGABB vax bulletin board. Log on to ACAD3*. Type SYGABB at the USERNAME PROMPT. A menu will appear. Select the first category.

March 17, 1992

Jerome B. Komisa
President

Testimony Submitted on Behalf of the
University of Alaska
Before the
House and Senate Finance Committees
March 18, 1992

Thank you for this opportunity to come before you to discuss the proposed University budget for fiscal year 1993. It is not a happy occasion, but I do appreciate your consideration and your willingness to listen.

I don't envy you your task. The policy choices you must make are awesome and they will have a far reaching and irreversible impact on Alaska.

For the University and the State of Alaska, the threat of additional reductions comes at a particularly difficult time:

- * the University's enrollment is expanding, more and more Alaskan young people are choosing to stay in the State for their college education;

- * virtually all entry level jobs in our economy require some form of post-secondary education, and job promotions are usually tied to additional education;

- * public service needs of the State are expanding as people seek assistance in developing small business opportunities, assistance with technological changes, and application of new knowledge and research in their daily lives;

- * research opportunities abound and the University is in a position to lead the growing national and international interest in Arctic research and global warming;

- * and the quality of the University is becoming well known throughout the State and nation.

Six years ago, as State revenues plummeted, the University took nearly a 20% reduction in State funding. The Board of Regents directed the University to take that reduction in a way that would minimize the impact on student access and delivery. The result of this was a massive reorganization of the State's higher education system that reduced the administrative structure dramatically, merging the community college and university systems, saving nearly \$6 million per year in administrative costs to the State, and providing a vastly different type of higher education system. The University did not lay off any faculty, and we maintained the course delivery levels. It would be less than honest, however, to imply that this restructuring

was accomplished without a cost to the institution. Initially, enrollment in the University fell as did its capacity for public service and its ability to maintain its physical plant. Many of the traumas of the restructuring are still being absorbed and it is only in the last two or three years that the University has begun again to move forward in extension and research and student enrollment.

I bring this issue up for two reasons. First, I believe that memories are short, and it is my impression that most of the public have forgotten what the University went through in restructuring itself only 6 years ago. And second, the notion that the University can find substantial savings from administrative restructuring today is simply not true. While we can make further consolidations of administrative functions on some campuses, and we can reduce and realign administrative functions between the statewide and campus administrations, the fact is that these savings will be relatively small in terms of dollars. The pressures of expanding enrollments and flat budgets have already forced so much reduction in administrative costs that very little is left for further reduction. Financial savings today will have to come from a major reduction in services.

The current proposal of less than \$157 million is not simply a cut, it would represent a drastic curtailment in the services the University can provide the State and, in turn, irretrievably alter some of the fundamental conditions of life in Alaska.

For the current year, FY92, the budget for the University is \$4 million more than it received in FY91. University fixed costs, however, rose by \$11 million, and enrollment increased by 5%. As a result, the campuses have had to make significant reductions in services and staff this year.

- * At all campuses, class offerings are being restricted, class size is increasing, proper sequencing for graduation is being significantly impacted; and closed sections for lower division core requirements, which all students need for graduation, are the rule rather than the exception.

- * Nearly 50 courses were cancelled in the Spring schedule at UAA and UAF; 26 at UAS; from 12 to 20 cancelled at each extended campus resulting in a loss of an estimated 4,200 credit hours.

- * Summer Sessions at UAF, UAS, and UAA are moving to a self-support basis resulting in higher cost to students, and a substantial reduction in course offerings.

In addition to the loss of course sections and credit hours, there were other cutbacks throughout the University because of increases in fixed costs. At UAA severe travel restrictions were put in place as well as general reductions in departmental expenditures of 3 - 5%. The closing of two research centers, the

Center for Information Technology and the Center for High Latitude Research, will result in the loss of important instructional, research and data collection capabilities for the State.

At UAF every department was assigned a reduction amounting to 3 - 20% of funding, resulting in the loss of dozens of administrative, clerical, and faculty positions. Crucial maintenance of facilities continues to be deferred, instructional equipment purchases must be delayed, and new initiatives designed to secure more federal funds have been curtailed.

At UAS, general reductions were made in administrative and clerical support, travel, commodities, library acquisitions, maintenance, and student access to computing services.

If this magnitude of reductions was necessary during a year of increased General Fund support, it is not too difficult to imagine what will be necessary to handle a decline of over \$12 million from the FY92 funding level.

Upon receiving the \$157 million target, I asked each of the Chancellors to project what actions they would have to take to accomplish so large a reduction. They were to examine two approaches: first, a 7% across-the-board cut of this year's budget of \$168 million; second, a 10% cut from the \$174 million target - the additional \$5 million having been distributed in accordance with the Board of Regents' initial budget submission.

Under each approach the results are horrendous. To absorb this reduction in general fund expenditures, the University will have to:

- * reduce employment: permanent faculty - 125; adjunct faculty and graduate assistants - 472; permanent staff - 208; temporary staff - 52.

- * cut 1,237 credit bearing courses, resulting in the loss of 74,225 credit hours;

- * diminish its public service, extension and advisory programs;

- * contract its organized research activities by \$1,446,200; resulting in approximately \$4,000,000 loss in federal funds;

- * reduce programs in athletics, performing and fine arts activities;

- * reduce acquisition of library resources, laboratory equipment, and computing and instructional technology;

- * defer important facility maintenance and plant enhancements designed to provide long term cost savings;

The results will be evident:

- * more students will be driven from the State to continue their studies and the probability of their remaining Alaskans will be reduced;
- * less choice, and diminished quality for those students who do continue to study at the University of Alaska;
- * more Alaskans will be denied an opportunity to continue their studies because of the reduction in program choice, higher tuition and fewer locations being served;
- * the University will be less able to compete for sponsored research funds and academic research, one of Alaska's significant growth industries, will be retarded;
- * the University will not be able to maintain, let alone enhance, its capacity to aid in economic activity and economic development;
- * the quality of the cultural life of the community will be unavoidably damaged;
- * the University will be forced to raise tuition much faster than planned in order to maintain minimum standards.

Most of these effects are not easily quantifiable, in fact the most important ones are not. But numbers can be put against some of the effects and by just examining those it is clear that a \$17,000,000 cut in the University's General Fund budget will cost individual Alaskans much more than the money saved in the State budget.

If, because of these reductions, 500 full-time students, and 500 is a low estimate, decide to go out-of-state for a four year undergraduate degree, the out-of-pocket expense to Alaskans will be approximately \$20,000,000 given the current cost of about \$40,000 for four years of out-of-state tuition, room and board and travel for those 500 students. And unless the University's budget is ultimately restored, there will another 500 students the next year, and the next.

This means \$20,000,000 more spent in Oregon or Washington or California, and \$20,000,000 less in Alaska. And since economic activity feeds upon itself, the \$20,000,000 will multiply into \$40,000,000 less commercial activity in this State.

But dollars are not the full measure of the injury done by compelling students who wish to remain in Alaska to study outside. The dollars lost might well be the smaller sum by far. By forcing students outside, Alaska would be drawing for itself a most disparaging self-image and would be declaring in no uncertain tones that the students' futures lie outside Alaska's

borders. I don't think any of us believe that vision; we do not want that type of tomorrow.

For those students who continue with the University, there will be fewer course offerings, larger classes, less library books, fewer adequate laboratories, less computer time and far less opportunity for advising and counseling.

Those who will be hurt the most, of course, are those place bound Alaskans who will not be able to use the services of the University because it will no longer be able to offer courses at convenient times and locations. These Alaskans will find themselves without the skills and knowledge essential for a place in an advanced economy, and without the wherewithal to improve their individual economic situation.

The Board of Regents' concerns and aspirations for the University have included a strong sense of reality regarding the State's revenues. At their urging, we have been planning for a funding future that was relatively flat. We have been engaged in program review processes to assess our program offerings and distribution; we have developed an allocation model that is intended to assist us in distributing our resources in the most effective manner; and we are engaged in a substantive management review process to assure that we are maximizing our administrative services and financial resources.

It should also be pointed out that the University is engaged in significant activities designed to increase our non-general fund revenue. Our budget request for FY93 included a 10% tuition increase, but, as mentioned before we will be forced to seek a larger increase.

We are continuing to build upon our research capacities and are increasing the level of sponsored research in the University. This funding supports not only research activities but also provides our graduate students opportunities for advanced study.

We have embarked on an aggressive land management program to maximize revenues. The land grant revenue goes into an endowment intended for the long term benefit of the University. The yearly revenue is less than \$2 million per year and, although it is unlikely that level can be greatly increased in the near future, revenue from our land ownership may prove a major factor toward the end of the '90s.

We are stepping up our development programs to secure private contributions. This is an area that I believe has great potential for the University, but again, these funds become part of an endowment for the long term benefit of the system and cannot be counted on as a revenue source that will provide any significant short-term off-set to the reductions we are discussing.

The work performed by the University of Alaska is essential to the future of our State. In simple economic terms, higher education has long been seen as having a direct correlation with

the health and vitality of the communities it serves. The educational, public service, job training, research, cultural and social contributions of higher education are essential to the overall State economy. How can Alaska find the balance between resource protection and development that our future depends on without the necessary research done at the University? How can our citizens enter, or stay current, with a job market that requires ever more sophisticated skills and technological abilities? How can the State attract new business and industry without offering the benefits of a high quality higher education system?

The University of Alaska is as significant an instrument of public policy as it is a major channel of private success. In making your budget decisions, in allocating the reductions to State agencies and the University, you are making public policy decisions on the priorities of the State.

Things do cost more in Alaska. Alaska's government now spends four times the amount spent per capita on all services than do other states, except for higher education, health and social services. In those areas it spends only twice the national average. The current proposal allocates higher percentage cuts from the current year to the University and health and social services than it does to other services, further pushing these areas of spending down on the State's list of priorities.

The proposal before you cuts 7% from the current year's funding to the University, compared to an average of 4% for other agencies in the State. We need at a minimum undiminished State support. We cannot maintain our bearing and our complexity of missions without it. And the State needs a strong public university. The brightness of Alaska's future would be deeply tarnished without it.

You have given the University great support in the past. It is an investment that has paid large returns. We need your help to continue.

Thank you for listening so patiently. I would be more than pleased to answer any questions.

University of Alaska
FY93 PROPOSED BUDGET IMPACT

	SPS	UAA	UAF	UAS	TO
FY92 Authorization	\$12,703.5	\$57,296.4	\$84,920.4	\$13,181.3	\$16
FY92 Gov. Request	\$12,905.0	\$61,488.7	\$86,008.1	\$13,464.5	\$17
FY93 Reduced Budget	\$11,643.2	\$55,476.6	\$77,598.5	\$12,148.0	\$15
FY93 Reduction	(\$1,261.8)	(\$6,012.1)	(\$8,409.6)	(\$1,316.5)	(\$1

Permanent Staff	(26)	(70)	(95)	(17)	
Temporary Staff	(3)	(18)	(27)	(4)	
Permanent Faculty	(1)	(49)	(67)	(8)	
Adjunct Faculty	(0)	(180)	(243)	(49)	
Credit Hours	0	(39,922)	(33,418)	(7,885)	(7
Course Sections	0	(549)	(557)	(131)	(

FY85-92

UNIVERSITY OF ALASKA GENERAL FUND OPERATING BUDGET
AS A PERCENTAGE OF ALL STATE GENERAL FUND OPERATING BUDGET APPROPRIATION

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	
University	168.9	167.3	144.0	146.5	154.2	161.0	170.4	
State Budget	2110.5	2116.5	1844.1	1911.3	2086.7	2118.6	2286.3	2
% of State Budget	8.05%	7.90%	7.81%	7.66%	7.39%	7.60%	7.45%	
Fall Student Credit Hours	201928	214323	210013	202801	205807	212875	224482	2

UNIVERSITY OF ALASKA GENERAL FUND GROWTH
COMPARED WITH HIGHER EDUCATION PRICE INDEX
GROWTH FY85-FY92

	FY85	FY86	FY87	FY88	FY89	FY90	FY91
UNIVERSITY	168.9	167.3	144.0	146.5	154.2	161.0	170.4
HEPI		176.0	183.2	191.3	202.6	214.8	225.5

-----> A

sections, and general fund support to Adult Basic Education in Anchorage. Elimination of course sections will cause students severe scheduling and sequencing problems and create delays in completing degree course requirements. Eliminating specialized programs, including some vocational-technical programs, two year programs and graduate degrees, will severely harm site-bound Alaskans. Closing or severely curtailing programs that are within a reasonable commuting distance to Anchorage or an extended campus site will also harm site-bound students. The range in anticipated course section impact is a result of the lack of flexibility in academic and institutional support due to reductions made during restructuring and the FY92 vetoes which may require more significant reductions in instruction.

- B. STUDENT SERVICES -- Reduced staffing will result in reduction or elimination of many social, recreational, and cultural activities; counseling services; student health medical services; financial aid management and student employment; and student recruitment and retention efforts.
- C. LIBRARY SERVICES -- Review specialized libraries for reduction or elimination. The library will reduce staff, the purchase of books and periodicals, and reduce the hours of operation, severely limiting its use by students and researchers. Inflation since FY90 has reduced library purchasing power by over 35% which has resulted in an inability to maintain current periodicals, subscriptions and reference books and materials, and even minimum basic reference materials for new programs.
- D. OTHER SERVICES -- Reduce general fund support to intercollegiate athletics. Athletic program cuts at UAF will have an undetermined impact on the UAA athletic program. Reduce and/or eliminate research, public service centers and research institutes thereby reducing services to the public and government agencies and eliminating local jobs. UAA's capacity to train and keep Alaskans in state, and our ability to better manage our resources and develop new technologies that create jobs will be jeopardized. If the state's investment is lost or reduced, funding agencies will become cautious of awarding grants to UAA, the "new" money brought into the Alaska economy each year because of UAA's research efforts will decline. The reduced physical plant budget does not provide for fixed cost increases; building maintenance and renewal replacement dollars will have to be used for utilities and other non-discretionary costs. Reductions to academic and institutional support were so severe during the 1987 restructuring, that there is little flexibility to reduce staff in these areas without jeopardizing whole mandatory functions.

University of Alaska FY93
University of Alaska Fairbanks
