

ALASKA
7305

LEGISLATURE
HOUSE STATE

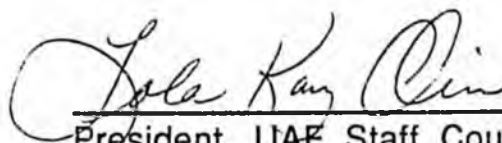
COMMITTEE
AFFAIRS

FILES

1991-1992

8672

because the money belongs to a different group of people. The reason for ensuring the separation of pension funds from the Permanent Fund is the difference in ownership use and needs of the PERS/TRS fund.


President, UAF Staff Council

12/19/90

Date

DEPARTMENT OF REVENUE
POSITION PAPER

Senate Bill 18
House Bill 37
Alaska State Pension Corporation

The Department of Revenue supports the basic concepts embodied in this legislation for the following reasons:

1. a board to govern investments would improve accountability, public visibility, and continuity; and
2. the Department believes the fiduciary responsibility should not solely rest with the Commission of Revenue.

Professionalism of the Board

Preferable to an investment advisory council would be the inclusion of a minority of investment professionals on the board of the proposed corporation. It is difficult to see how exclusion of professionals as board members would be in the best interests of beneficiaries, given the fact that there is a clearly defined objective of maximizing investment earnings subject to prudence. Inclusion of professionals would seem to be an important edge in order to provide competitive investment results.

Legislative Audit stated in their June 19, 1989 Special Report on PERS and TRS that, "Some members of the board of trustees should have the necessary professional skills." Greta Marshall, former Chief Investment Officer of the California Public Employees Retirement System, in her September 17, 1990 comments to the PERS and TRS Boards (enclosed) strongly recommended placing professionals on the board. Professionals would be chief investment officers or trustees of other institutional investment funds.

Experience seems to indicate a real danger of advisory committees (as an avenue for professional input) falling into disuse. The best approach for assuring the continuing vitality of a professional component for board decision-making is inclusion of such persons on the board.

Integration of Benefits Administration with Investments

The benefits of integrating pension administration with investment need to be more clearly identified and considered in light of the resulting loss of focus and attention on investments by the board, management, and participants. It is questionable whether any possible benefits would compare with the potential adverse effects on returns on investments of over \$4.4 billion.

One of the Department's main concerns in advocating a separate organization for investment management has been to increase the visibility of, focus on, and attention to investments. For precisely these reasons, the Department both sought to extricate investment management from line agency status and opposed mixing it with the Permanent Fund.

The importance of these concerns is reflected in the fact that many of the nation's leading institutional investors have been spinning-off their investment management activities into separate organizations. Major banks with which the Department is acquainted, such as Citibank, Morgan Guaranty, Security Pacific, and Bank of America, have moved the investment management function out of their trust departments into separate subsidiaries. As indicated in the enclosed news articles, Stanford, Harvard, Princeton, and Duke Universities have done likewise. These developments are part of the trend during the 1980's in the corporate world to downsize, restructure, and spin-off corporate functions to achieve more intensive management focus and ultimately profitability. This was a reaction to the unwieldy conglomerates created in the 1970's.

Integration does not seem to be required for purposes of coordinating administrative and investment functions. The Department is able to identify very little activity that involves joint action or direct interaction of the Departments of Revenue and Administration. Most such activity consists of consolidated reporting in the PERS and TRS newsletters, audits, actuarial reports, and annual reports. In these areas, coordination is achieved as required without resorting to organizational amalgamation. The Department of Revenue's advice is provided as to two of the several assumptions used in the actuary's report--namely, the assumed investment earnings rate and the method for valuation of investments. The audit of the retirement systems as a whole, done by auditors retained by the Division of Retirement and Benefits, relies on the audits of investment assets performed by the Treasury Division's auditors. Regulations recently adopted by the Department of Revenue require the submission of various investment reports as well as an annual oral presentation of the reports and investment policy to the retirement boards. This is and has been the practice. These joint activities are sporadic and do not require daily or ongoing interaction.

Another prominent, highly successful example of the separation of benefit and investment management organizationally is that of the Department of Revenue's Permanent Fund Dividend Division and the Alaska Permanent Fund Corporation.

The one really critical link between the liabilities (benefits) side of the systems and the assets (investment) side is the long-range cash flow projections of the systems done by the systems' actuary. These are performed annually and included in the actuary's report. As Gordon S. Harrison stated in his September 27, 1990 memorandum,

"(Investment) policies should reflect the characteristics of the fund and its participants, such as the size of the fund, promised benefit scales, employer and employee contribution rates, liquidity demands by retirees, investment returns, and the turnover rate, age profile, life expectancies and salary increases of members."

The cash flow projections specifically incorporate all of these characteristics and are used by the Department to establish investment policy for the retirement funds.

Should unforeseen needs arise for coordination, avenues are available to meet the needs. Benefits administration is governed through public meetings of the retirement boards. The Department of Revenue receives meeting agendas and can attend the meetings like any public person would, or may be called upon by the Department of Administration or the boards to appear. The Department rarely has occasion to attend the boards' benefit meetings. Establishment of an investment corporation would afford similar access to the Department of Administration with respect to investment matters. This is in addition to direct consultation between the departments when needed.

BY: *R. C. Peters*

DATE: 2-11-91

BY: *[Signature]*
Department of Revenue

DATE: 2-11-91

Board of Trustees
Marc Langland,
Chairman
Charles H. Parr,
Vice-Chairman
Douglas B. Baily
John T. Kelsey
Byron I. Mallott
Hugh Malone



Alaska Permanent Fund Corporation

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047

October 2, 1990

The Honorable
Pat Pourchot
Alaska State Senator
3111 "C" Street, Suite 545
Anchorage, Alaska 99503

Re: Position of the Board of Trustees of the Alaska Permanent Fund Corporation on the Management of the PERS/TRS Funds.


Dear Senator Pourchot:

At your request, the Board of Trustees discussed and voted on its position concerning the possible management of the PERS/TRS funds by the Alaska Permanent Fund Corporation. It was the unanimous vote of the Board that the Trustees have no interest in assuming responsibility for the management of PERS/TRS and other state investment funds that have actuarial and different liability obligations than the Alaska Permanent Fund.

In general, it is the view of the Trustees, as well as staff, that the management of the Alaska Permanent Fund involves very different management philosophies and policies than are involved in the management of retirement funds. The potential mixing of the two types of policies in one organization was felt to be detrimental for both types of funds.

I have enclosed the verbatim transcript of the portion of the Board meeting where the Trustee position was raised, discussed, and voted upon. If you have any questions, please do not hesitate to call.

Sincerely,


Marc Langland
Chairman



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

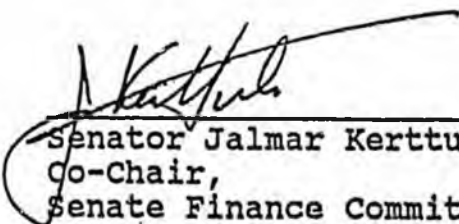
SENATE FINANCE COMMITTEE

LETTER OF INTENT

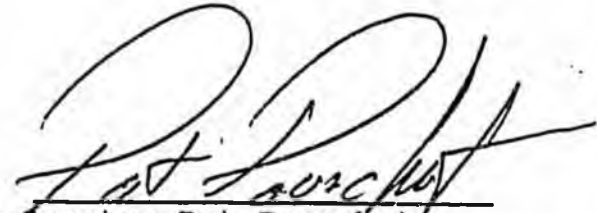
CSSSSB 18 (FIN)

An Act establishing the Alaska State Pension Corporation;
relating to the management and investment of state pension
funds and other state funds; and providing for an effective
date.

Acting within the fiduciary responsibility under the Prudent Investor Rule, the Alaska State Pension Corporation Board of Trustees is encouraged to look to and utilize local institutions and companies for investment and business opportunities within the State of Alaska.



Senator Jalmar Kerttula
Co-Chair,
Senate Finance Committee



Senator Pat Pourchot
Co-Chair,
Senate Finance Committee

FISCAL NOTE

No. 5

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: SSSB 18 *REVISED*

(S) Publish Date: 2/22/91

Revision Date: February 11, 1991

Department Affected: Alaska State Pension Corporation

Title: Alaska State Pension Corporation

BRU: _____

Component: _____

Sponsor: Pourchot

Component Serial No.

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Requestor: Senate State Affairs

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	10,109.6	20,219.2	20,219.2	20,219.2	20,219.2	20,219.2
TOTAL OPERATING	10,109.6	20,219.2	20,219.2	20,219.2	20,219.2	20,219.2

CAPITAL						
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REVENUE						
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FUNDING: Thousands of Dollars

GENERAL FUND						
FEDERAL FUNDS						
OTHER: See Attached Detail	10,109.6	20,219.2	20,219.2	20,219.2	20,219.2	20,219.2
TOTAL	10,109.6	20,219.2	20,219.2	20,219.2	20,219.2	20,219.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Changes in CS SSB 18 (Fin) have no fiscal impact. This fiscal note is appropriate. 2/20/91

Estimate of current year impact: None

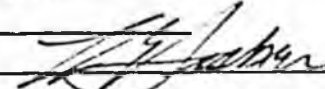
ANALYSIS: FY 92 - 97 are the amounts deleted from the Treasury budget on the attached fiscal note. FY 92 - 97 net incremental cost is \$2,889.15 which represents the management of the Supplemental Benefits Investment Fund and the difference between Treasury's original budget request and Treasury's budget per the Administration's request. This fiscal note does not take into effect a potential change of office location for the pension corporation.

Prepared by: Brian C. Andrews 

Phone: 465-2350

Division: Treasury

Date: _____

Approved by Commissioner: 

Agency: Revenue

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

OTHER FUNDING: Thousands of Dollars

	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
Public Employees Retirement Investment Fund	6,137.6	12,275.2	12,275.2	12,275.2	12,275.2	12,275.2
Teachers Retirement Investment Fund	3,712.65	7,425.3	7,425.3	7,425.3	7,425.3	7,425.3
Judicial Retirement Investment Fund	40.85	81.7	81.7	81.7	81.7	81.7
Military Retirement Investment Fund	8.55	17.1	17.1	17.1	17.1	17.1
Supplemental Benefits System ¹	209.95	419.9	419.9	419.9	419.9	419.9

¹ Annual Component Costs of the Supplemental Benefits System are as follows:

Personal Services \$ 68.3

Contractual Services:

Security Safekeeping \$ 28.0
 Domestic Stock Management 185.6
 International Stock Management 116.0
 Performance Measurement 12.0
 Audit 10.0

351.6

TOTAL \$419.9

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 6 *REVISED*

Bill Version: SSSB 18

(S) Publish Date: 2/22/91

Revision Date: February 11, 1991

Department Affected: Revenue

Title: Alaska State Pension Corporation

BRU: Treasury

Component: _____

Sponsor: Pourchot

Component Serial No.

	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	(9,846.95)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)
TOTAL OPERATING	(9,846.95)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER: See Attached Detail	(9,846.95)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)
TOTAL	(9,846.95)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)	(19,693.9)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Changes in SSSB 18 (Fin)
have no fiscal impact.
This fiscal note is
appropriate. 2/20/91

Estimate of current year impact: None

ANALYSIS: Alaska State Pension Corporation is assumed to take over retirement fund investments January 1, 1992. FY 92 figures are half the amounts originally requested in Treasury's FY 92 budget for retirement funds. FY 93 - 97 are the full amount of the original FY 92 budget for retirement funds.

Prepared by: Brian C. Andrews *BA*

Phone: 465-2350

Division: Treasury

Date: _____

Approved by Commissioner: *[Signature]*

Agency: Revenue

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

FISCAL NOTE(continued)

BILL NO.: SS SB 18

Department of Revenue, Treasury Division

OTHER FUNDING: Thousands of Dollars

	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
Public Employees Retirement Investment Fund	(6,111.25)	(12,222.5)	(12,222.5)	(12,222.5)	(12,222.5)	(12,222.5)
Teachers Retirement Investment Fund	(3,686.3)	(7,372.6)	(7,372.6)	(7,372.6)	(7,372.6)	(7,372.6)
Judicial Retirement Investment Fund	(40.85)	(81.7)	(81.7)	(81.7)	(81.7)	(81.7)
Military Retirement Investment Fund	(8.55)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)

FISCAL NOTE

4

Bill Version: SSSB 18 *REVISED*

(S) Publish Date: 2/22/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____
Title: An Act Establishing the Alaska State Pension Corporation.

Department Affected: Administration
BRU: Retirement and Benefits

Sponsor: Pourchot
Requestor: _____

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollar)

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

POSITIONS

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

Estimate of current year impact: _____

ANALYSIS: (attach a separate page if necessary.)

Changes in SSSB 18 (FW)
have no fiscal impact.
This fiscal note is
appropriate. 2/20/91

There is no measurable fiscal to the Division from this bill.

Prepared By: Gary Bader *Gary M. Bader*
Division: Retirement and Benefits

Phone: 465-4460
Date: _____

Approved by Commissioner: Millett Keller *Millett Keller*
Agency: Department of Administration

Date: 2/18/91

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



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

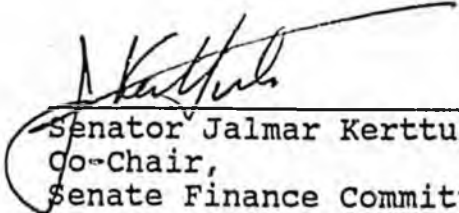
SENATE FINANCE COMMITTEE

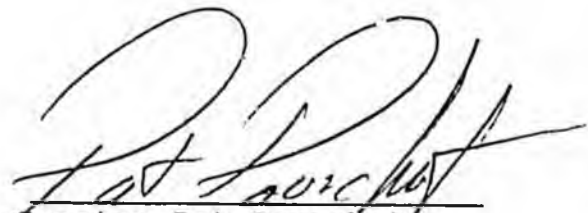
LETTER OF INTENT

CSSSSB 18 (FIN)

An Act establishing the Alaska State Pension Corporation;
relating to the management and investment of state pension
funds and other state funds; and providing for an effective
date.

Acting within the fiduciary responsibility under the Prudent Investor Rule, the Alaska State Pension Corporation Board of Trustees is encouraged to look to and utilize local institutions and companies for investment and business opportunities within the State of Alaska.


Senator Jalmar Kerttula
Co-Chair,
Senate Finance Committee


Senator Pat Pourchot
Co-Chair,
Senate Finance Committee

Adopted by the Senate 2/27




217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

March 14, 1991

MEMORANDUM

TO: Representative Gene Kubina, Chair
Members, House State Affairs Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: CS SS SB 18 (FIN) and Proposed Amendment

The Alaska Municipal League supports CS for SS for SB 18 (FIN) with an amendment addressing municipal taxation of certain properties held by the Corporation and urges its passage.

The Alaska Municipal League has testified before the Committee in support of similar legislation providing for a separate state corporation to manage the investment of PERS, TRS, and SBS funds. Senator Pourchot has proposed an amendment to require the State Pension Corporation to pay municipal property taxes on property acquired through foreclosure or deed in lieu of foreclosure and held for investment purposes. The amendment specifically addresses a request of the AML. Such property should be subject to municipal property taxation to compensate for the provision of municipal services which maintain or enhance the value of the property. With the amendment included as a Committee Substitute, the legislation meets the objectives and concerns of the AML.

The AML urges the Committee to pass out a CS incorporating the proposed amendment in the legislation as it passed the Senate. Thanks to the sponsor and the Committee.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSSSSB 18(FINANCE)

*Removes tax
exemption
from property
acquired by deed
in lieu of foreclosure*

Page 5, line 28:

Delete "The"

Insert "Except as provided in AS 29.45.030(a) for property acquired through foreclosure or deed in lieu of foreclosure, the"

Page 7, after line 26:

Insert a new bill section to read:

** Sec. 5. AS 14.25.200(a) is amended to read:

(a) Except as provided in AS 29.45.030(a)(1), member [MEMBER] contributions and other amounts held in the system on behalf of a member or other person who is or may become eligible for benefits under the system are exempt from Alaska state and municipal taxes and are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before they are received by the person entitled to the amount under the terms of the system, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any right to amounts accrued in the system is void. However, a member's right to receive benefits may be assigned under a qualified domestic relations order."

Renumber the following bill sections accordingly.

Page 8, after line 4:

Insert new bill sections to read:

** Sec. 8. AS 29.45.030(a) is amended to read:

(a) The following property is exempt from general taxation:

(1) municipal, state, or federally owned property, except that

(A) a private leasehold, contract, or other interest in the property is taxable to the extent of the interest;

(B) property acquired by the Alaska State Pension Corporation through foreclosure or deed in lieu of foreclosure and retained as an investment of the corporation is taxable;

(2) household furniture and personal effects of members of a household;

(3) property used exclusively for nonprofit religious, charitable, cemetery, hospital, or educational purposes;

(4) property of a nonbusiness organization composed entirely of persons with 90 days or more of active service in the armed forces of the United States whose conditions of service and separation were other than dishonorable, or the property of an auxiliary of that organization;

(5) money on deposit;

(6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section;

(7) real property or an interest in real property that is exempt from taxation under 43 U.S.C. 1620(d), as amended.

* Sec. 9. AS 29. '5 is amended by adding a new section to read:

Sec. 29.45.295. COLLECTION OF DELINQUENT TAXES ON CERTAIN GOVERNMENTAL PROPERTY. AS 29.45.300 - 29.45.490 do not apply to property taxable under AS 29.45.030(a)(1)(B). A municipality may bring an action in the superior court to compel payment of property taxes due from the Alaska State Pension Corporation, if the corporation does not pay the amount due within six months after the date that the taxes are due."Renumber the following bill sections accordingly.

Page 14, after line 6:

Insert a new bill section to read:

** Sec. 18. AS 39.35.500 is amended to read:

Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM. Except as provided in AS 29.45.030(a)(1)(B), employee [EMPLOYEE] contributions and other amounts held in the system are exempt from Alaska state and local taxes. Amounts held on behalf of, or payable to, any employee or other person who is or may become eligible for benefits under the system are not subject to anticipation, alienation, sale, transfer, assignment,

pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before being received by the person entitled to the amount under the terms of the system. An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right to amounts held under the system is void. However, an employee's right to receive benefits may be assigned under a qualified domestic relations order."

Renumber the following bill sections accordingly.

Page 14, line 31:

Delete "sec. 21"

Insert "sec. 25"

Page 15, line 13:

Delete "sec. 19"

Insert "sec. 23"

Page 15, line 15:

Delete "sec. 20"

Insert "sec. 24"



House State Affairs Committee

Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Rose Olive Drayman	Individ. JRTA	P.O. Box 021365 Juneau, AK	99802	586 - 1172	—	Y	<input checked="" type="radio"/> N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: Mar. 25, 1991

PLACE: Capitol, Room 102

SUBJECT OF MEETING:

*HB 181 - Relating to Salary Schedule for State Employees

*HB 182 - Relating to Approp: Public Employee COLA, FY 91

SB 18 - Relating to Investment of Pension Fund

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
C. J. CHRISTENSEN	ALASKA COURT SYSTEM	305 K ST. ANCHORAGE 99501			264-5228 465-4770	<input checked="" type="radio"/>	<input type="radio"/>	HB 181
P. Reinhill	JRTA	157 Belinda Dr 99501				<input type="radio"/>	<input type="radio"/>	SB 18
Rosaline D. Johnson	JRTA	P.O. Box 021368 Juneau	99802		586-1172	<input type="radio"/>	<input checked="" type="radio"/>	
✓ Marie Darlin	self	Box 2-1283 Juneau 99802-7			6-3637	<input checked="" type="radio"/>	<input type="radio"/>	SB 18
VIOLA Viola Shaw	ASRTA JRTA	631 W. 11th	99801		6-1609	<input type="radio"/>	<input checked="" type="radio"/>	SB 18
✓ Mary Lee Meene	AARP	805 Hald Belt	99801		586-2568	<input checked="" type="radio"/>	<input type="radio"/>	SB 18
Carole Oien	JRTA	P.O. Box 34852 Juneau, AK	99803		789-9264	<input type="radio"/>	<input checked="" type="radio"/>	SB 18
						<input type="radio"/>	<input type="radio"/>	
						<input type="radio"/>	<input type="radio"/>	
						<input type="radio"/>	<input type="radio"/>	
						<input type="radio"/>	<input type="radio"/>	



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: 3/25/91

PLACE: Capitol, Room 102

SUBJECT OF MEETING:
 HB 181 - Relating to Salary Schedules for State Employees
 HB 182 - Relating to Approp. Public Empl. Cost, FY 91
 SB 18 - Relating to Investment of Permanent

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Scott Burgess	AMU	Tucson			6-1325	<input checked="" type="radio"/> Y	<input type="radio"/> N	SB 18
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	



House State Affairs Committee

Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Scott Burgess	AML				60-1325	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	SB 18
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: Mar. 15, 1991

PLACE: Capitol, Room 102

SUBJECT OF MEETING:

- HB 40 - Relating to False Information in Election Pamphlets
- SB 18 - Relating to Investment of Pension Funds
- SB 32 - Relating to PERS Benefits for Youth Center Employees

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
GREG ROTH	PR JUV. (CORRECTIONAL)	3252 HOSPITAL CON FRIENDS ASSN JUNO	99801		586-9433	<input checked="" type="radio"/> Y <input type="radio"/> N	SEN 32
Viola Shaw	PR State De- vired Teacher	631 W. 11 th JUNO	99801		586-1602	<input checked="" type="radio"/> Y <input type="radio"/> N	SEN 18
Patricia Campbell	"	157 BELMONTS WJE	79901		586 2626	<input type="radio"/> Y <input checked="" type="radio"/> N	SB 15
Carol Oien	"	P.O. Box 34852, JUNO	99803	787-4264		<input type="radio"/> Y <input checked="" type="radio"/> N	SB 18
Melinda Lechick	PER	P.O. Box 211143 ANCHORAGE	99822	789-7420		<input type="radio"/> Y <input checked="" type="radio"/> N	SB 18
Marie Warlin	PERS	Box 2-1283 JUNO	99802	6-3637		<input checked="" type="radio"/> Y <input type="radio"/> N	SB 18
Willie Anderson	NEA/PR	105 MANICHA W LEXY	99801	6-3090		<input checked="" type="radio"/> Y <input type="radio"/> N	SB 18
Gary Bader	Dept of Admin	State office Building	99811	14460		<input type="radio"/> Y <input checked="" type="radio"/> N	SB 18
Darrel Rexwinkel	Dept of Revenue	S O B	99811	2300	2500	<input checked="" type="radio"/> Y <input type="radio"/> N	SB 18
Louise Lawson	RTA	2880 FRITZ CAROL	99801	9-9655		<input type="radio"/> Y <input checked="" type="radio"/> N	18
Elizabeth Lucas	AARP-RTA	99801	"		<input type="radio"/> Y <input checked="" type="radio"/> N	18

S B

2 4

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 20, 1991

FURTHER REFERRALS:

HES
Finance

Date of Committee Action: 3-11-91

The STATE AFFAIRS Committee considered:

CSSB 24(FIN)

CS FOR SENATE BILL NO. 24 (FINANCE)

APPROP: LONGEVITY BONUS PROGRAM

"An Act making supplemental appropriations to the Department of Administration and the Department of Health and Social Services related to the longevity bonus program; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ [] the same title

[] have attached amendments(s) [] a new title

[] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not	No Rec	Amend
		Pass		
<i>Gene Kubina</i>				
<i>Tommye</i>				
<i>Bob</i>	<i>Dave Crockett</i>		<input checked="" type="checkbox"/>	
	<i>Jay</i>		<input checked="" type="checkbox"/>	
<i>Mike Miller</i>				
<i>Max</i>				

Gene Kubina
Chairman's Signature



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

SPONSOR STATEMENT BY SENATOR KERTTULA

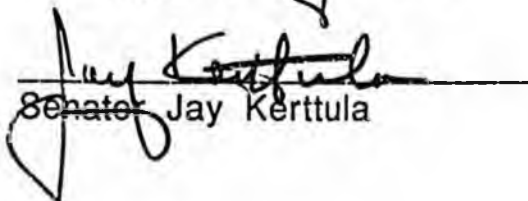
SENATE BILL 24 LONGEVITY BONUS SUPPLEMENTAL APPROPRIATION

Senate Bill 24 would reinstate the Governor's vetoes to the longevity bonus program and the hold harmless for the longevity bonus program. Since there is no statutory authority to reduce the amount sent to each longevity bonus recipient, this appropriation is needed to ensure sufficient funds for June longevity bonus checks.

In FY 91, the legislature appropriated \$ 60,858,000 for the longevity bonus program and \$ 4,714,800 for hold harmless for public assistance for the longevity bonus program. Governor Cowper vetoed \$5,000,000 of the longevity bonus appropriation, and \$392,900 of the hold harmless appropriation. This in effect left the program with funding for eleven months of the fiscal year. Due to additional case loads, the hold harmless program requires a total supplemental of \$792,600. Thus, a total supplemental of \$5,000,000 for longevity bonus payments, and \$792,600 for hold harmless is necessary to cover longevity bonus payments for the month of June, 1991. Funding at this level has been endorsed by the administration, including OMB.

I urge your support for this bill.

Thank you.


Senator Jay Kerttula

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3 2

CS FOR SENATE BILL NO. 32 (STATE AFFAIRS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 2/6/91
Referred: Finance

Sponsor(s): SENATORS DUNCAN, Sturgulewski A BILL

FOR AN ACT ENTITLED

1 "An Act granting certain juvenile correctional institution employees status as peace officers
2 under the public employees' retirement system; and providing for an effective date."

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

4 * Section 1. AS 39.35.680(28) is amended to read:

5 (28) "peace officer" or "fire fighter" means an employee occupying a position as
6 a peace officer, chief of police, correctional officer, correctional superintendent, fire fighter, fire
chief, [OR] probation officer, or youth counselor, unit leader, superintendent, or nurse in a

juvenile correctional institution; *supervisor of a juvenile probation program*

*Is there a
title problem?
HCR to change
title*

9 Sec. 2. An employee who was employed as a youth counselor, unit leader, superintendent, or nurse
10 at a juvenile correctional institution in the public employees' retirement system before the effective date
11 of this Act may convert the credited service for that position to credited service as a peace officer by
12 claiming the service as peace officer service before the member is appointed to retirement. When the
13 member claims this retroactive credited service, an indebtedness of the member to the system shall be
14 established. The indebtedness is equal to (1) the contributions to the system that the juvenile correctional

1 institution employee would have made if the service had counted as peace officer service, less (2) the
2 contributions to the system that the juvenile correctional institution employee actually made. Interest
3 as prescribed by regulation accrues on this indebtedness beginning July 1, 1992. Any outstanding
4 indebtedness that exists at the time a person is appointed to retirement will require an actuarial
5 adjustment to the benefits payable based upon the juvenile correctional institution service.

6 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

7-LS0979A

Cramer

3/11/91

HOUSE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Introduced:

Referred:

A RESOLUTION

1 Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning
2 Senate Bill No. 32, relating to certain juvenile correctional institution employees.

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

4 That under Rule 54 of the Uniform Rules of the Alaska State Legislature, the provisions of Rule
5 41(b), Rule 24(c), and Rule 35 of the Uniform Rules, regarding changes to the title of a bill, are
6 suspended in consideration of Senate Bill No. 32, granting certain juvenile correctional institution
7 employees status as peace officers under the public employees' retirement system.

Fateh Singh Khalsa
c/o 1502 Wilkur Street
Fairbanks, AK 99701

February 22, 1991

Representative Kubina
P.O. Box V
Juneau, AK 99811

RE: CS SB 32 STA

Dear Representative Kubina:

I'm writing you concerning Senate CS SB 32 STA sponsoring 20 year retirement for Youth Counselors. Youth Counselors have a great deal of responsibility for a special part of our society's population, juvenile delinquents. For the most part, Youth Counselors work in locked facilities and they are responsible for the safety and security of many individuals in these facilities, resident and staff alike. This profession, like that of a Peace Officer, is very stressful and at times very dangerous. My name is Fateh Singh Khalsa, and I have been a Youth Counselor for over five years. During that time I have worked, both in locked and unlocked facilities, with close to three hundred juveniles, including several who were guilty of murder.

What makes the Youth Counselor's job more perilous than either a Police Officers or Correctional Officers job is that Youth Counselors are unarmed, and the consequence of a resident assaulting a Youth Counselor is less than the consequence would be for an adult who assaulted a Police or Correctional Officer.

During one shift that I was working, I witnessed a Youth Counselor being assaulted so severely that he was taken to the hospital. This Youth Counselor had five years experience and within a month of the assault he resigned from his job.

Another fact about Youth Counselors that many people do not realize is that Youth Counselors have the authority to and are required to make arrests under certain circumstances. I am aware of several instances where off-duty Youth Counselors had to arrest juveniles.

Most Youth Counselors are involved in the counselling and treatment of facility residents and are actually required to attempt rehabilitation of the residents for whom they are responsible. This adds another dimension of stress to the job. Youth Counselors need continuous extensive training in the treatment and counseling of juveniles. The constant dealing with juvenile delinquents and their problems, although certainly worthwhile, can lead to staff burn out.

In summary, I would like to say that the 20 year retirement for Youth Counselors is a much needed and much deserved amendment to the current retirement system.

Sincerely,

Fateh Singh Khalsa
Fateh Singh Khalsa

FEB 25 1991

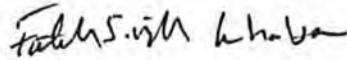
3/2/91

Dear Representative Kubina,

Thank you for your prompt and concerned reply to my letter regarding SB 32. I would be more than happy to testify on this bill at any time that is convenient for yourself.

I very much appreciate your interest in this bill and I will personally see that every person who is affected by this bill will get a copy of my letter to you and your reply to it.

Thanks again,



Sincerely Fateh Singh Khalsa

Day time phone- 455-6529

Evening phone- 452-3454

Rayanna

Karen Decker-Brown
7601 Lotus Drive
Anchorage, Alaska 99502
907-248-1606

December 24, 1990

Senator Jim Duncan
P.O. Box V
Juneau, Alaska 99811

Re: 20 year retirement

Dear Jim:

I hope this letter finds you and your family in good health and looking forward to a good new year.

On several occasions I have tried to contact you to discuss an item that is of importance to myself and my partner, Debbie Eisenmenger. We both are employed in youth corrections at McLaughlin Youth Center in the capacity of Nurse II.

It is in this capacity as nurses that we ask you to review the following and consider our request for a 20 year retirement for the nurses in youth corrections as part of the bill you are sponsoring for the youth counselors.

First, there is to my knowledge only three nursing positions in youth correctional facilities funded by the State. The two positions at McLaughlin Youth Center and one position at Fairbanks Youth Facility which is split into two part-time positions. The rest of the facilities statewide are contract positions to the best of my knowledge.

Secondly, it is my understanding that the medical staff is included in the 20 year retirement plan for the State of California. Thus there is precedent for this already established.

A brief review of what our job entails and how it compares to the youth counselors will give you a better perspective of why we are asking to be included.

Primarily 75 - 80% of our time is spent in direct contact with the residents. These residents are being held or convicted of serious crimes such as homicide, armed robbery, rape assault, drug dealing, etc. We are not talking about the Sunday School choir here. Our job involves

doing physicals, drawing blood, giving medication or injections, cleaning and scrubbing of wounds, splinting, and examination of body parts on a population that may or more than likely does not want this done. In this capacity we have to utilize instruments which can be used as weapons against us such as syringes, needles, scalpels, scissors, etc, and thus we have to be even more vigilant than the youth counselors that these objects are accounted for and utilized in a manner that they will not be taken from us. As nurses we are responsible for more potentially harmful and dangerous objects than the counselors. In accreditation of correctional facilities the medical offices are scrutinized far more than any other area because of the above.

In this capacity we are subjected to the same verbal and physical abuse the youth counselors have received. We have had to examine and assist in controlling residents while in restraints on more than one occasion.

Both the nurses here at the facility are required to take Mandt training which is methods of holding and applying restraints on inmates.

Since we are on call 24 hours a day, seven days a week - every other week and subject to recall, we have additional stress of never leaving our jobs at the office. We usually receive at least one call a night on average and on occasion have to come into the facility under extreme circumstances, usually to give injections to a combative person that is on medication for assaultive behavior. Because of this probability of recall at any hour we have keys to every area of the facility including the master key in and out of the facility and all the jail cells. It is because of these keys we also become a target unlike the counselors that do not carry these keys to everything.

On a daily basis we provide escort duties too many times to count for the residents between their units and various locations including outside the main facility and on occasion medical escorts. Many of these are alone on a one-to-one basis as well as being alone in the medical office with one or more of the residents.

Inmates and their families are particularly litigious and being in the medical field we are especially vulnerable for suit happy persons. We have been threatened many times with law suits.

Should your bill for the 20 year retirement go through for the youth counselors, MYC's training officer and superintendant as well as the directors of the cottage and detention units would be eligible. The only contact the first two people have with any of the residents at all is during the lunch break when they are in the cafeteria the same time meal movement occurs. The latter two have minimal contact at best and do not work the "front line" that we are involved in.

Finally, our contract physician, Dr. Don Hudson, who has spent numerous years providing medical care to inmates of Alaska's correctional facilities can and will attest of the hazards and dangerous inherent to nursing in

this setting. He states the average length of time a medical person lasts in the correctional setting is three years. I would wager there is no one approaching 20 or 30 years in the correctional medical field working for the State of Alaska in that capacity.

I am writing this letter on a personal level and not representing the views of the administration of McLaughlin Youth Center or Youth Corrections.

Please review and consider this matter. Thank you for your time and we await your response.

Sincerely yours,

Karen Decker-Brown RN BSN

Karen Decker-Brown RN., BSN

CC ASEA
Debbie Eisenmenger RN

Fails face nursing shortage

By ANNABEL LUND

The Anchorage News

A salary increase and aggressive recruiting campaign have failed to lure enough medical personnel to fill vacancies in Alaska's prison system.

Only 21 of the 95 health-care positions budgeted for the Department of Corrections are currently filled by state employees, according to Walter Majoros, director of statewide programs for the Department of Corrections.

The department has had to use a more expensive, more complicated patchwork approach to provide adequate medical care for the state's inmate population, Majoros said.

Personnel shortages have been filled by paying some nurses overtime, transferring employees from one facility to another, and by contracting with private health-care professionals within the community, he said.

As a result of a 1981 inmate law, state prisons are required to conduct a physical and mental evaluation soon after each inmate's admission into jail. In order to ensure such examinations are available, prisoners must keep a qualified medical officer on duty at all times, usually a nurse, advanced nurse practitioner or physician assistant.

The department also must offer slice calls on a regular basis.

"In the past, we've operated by using trained correctional officers, but with the Cleary (lawsuit) settlement, we're a medical personnel. Also, because we accept public inpatients, many who have medical needs which require fairly consistent monitoring, we need medical staff on duty," Majoros said.

Inmate Michael Cleary and other Alaska prisoners had filed a class action lawsuit against the state, claiming prison conditions were in violation of Alaska statutes and the state constitution. The final settlement in the case was imposed just last month — after a partial settlement in 1983 — and has resulted in improved conditions in almost every aspect of the correctional system.

"Because of Cleary, we have to provide coverage ... it just costs more," said Beth Lassiter, personnel officer for the Department of Corrections.

Majoros says it is difficult to put a price tag on the increased costs associated with the nurse shortage.

The department each year usually runs short of funds for medical care, and has to request an extra appropriation.

Please turn to Nursing, Page 8

... on Saturday, Page 2

Nursing 12/7/90

Continued from Page 1

appropriation from the legislature. Lassiter said the department has tried recruiting nurses from the Lower 48, but with little success. The nursing shortage is nationwide, and hospitals and agencies across the country are competing aggressively for qualified personnel.

"It's difficult to fill prison jobs because work in a penal system presents special hazards, salaries remain relatively low compared to other positions in the health-care field, and many of Alaska's correctional facilities are in remote areas of the state," said Ed Thielen, health care administrator for the Department of Corrections.

"You have nurses working side-by-side with correctional officers, eyeball-to-eyeball with the prisoners themselves, but nurses are paid less. Corrections officers are also eligible for a 20-year retirement plan, nurses aren't," Thielen said.

Although no health care worker has ever been seriously injured while working in an Alaska prison, Thielen said they are occasionally subjected to verbal abuse that elevates into a minor physical fracas.

Nurses and other medical personnel deserve the same benefits as correctional officers, including early retirement and larger salaries, Thielen said. Nurses could also be attracted by increasing benefits, such as assistance in continuing education efforts, he said.

A state task force was established more than a year ago to combat the

chronic nurse shortage in Alaska, not only at prisons but at other state agencies and hospitals. The beginning salary for nurses was boosted to about \$2,600 a month, but the shortage persists.

"Our salaries still don't stack up against private-sector competition. Our entry-level salaries are better than a lot of hospitals, but we can't offer bonuses and big pay raises the way the private sector can," Majoros said.

"So over the long run, nurses make less working for the state. Also, the salary looks good when we first start talking to nurses, but the cost of living can be so high — especially in rural areas like Nome and Bethel — that the salaries can't make up the difference."

Currently there are six health-care vacancies in Alaska prisons, including positions at Juneau's Lemon Creek Correctional Center, the Ketchikan Correctional Center and Seward's Spring Creek Correctional Center. The two vacancies in Seward have been open for two years, Majoros said.

The department is also attempting to hire regular employees to fill the 56 positions occupied by contract workers or covered by overtime or temporary transfers.

Margaret Pugh, Department of Corrections Southeast regional director, said difficulties filling vacancies in Ketchikan were compounded recently when one of the prison's physician assistants, a military reservist, was called to active duty in Operation Desert Shield.

But the problems existed long before

the Middle East crisis, Pugh said. "We're suffering the same trouble other institutions are nationally. There's a shortage everywhere of nurses."

More than half the hospitals and nursing homes responding to a nationwide survey in 1989 were having trouble recruiting and keeping nurses. Enrollment in nursing schools drops about 5 percent each year, and the American Hospital Association predicts the need for registered nurses will climb 33 percent by 1995.

Thielen suggests restructuring the state's health-care job classifications to allow qualified medical technicians to handle some of the prison work load.

"We have a tremendous amount of former military corpsmen who are extremely skilled, particularly in emergency medicine, which is mostly what you need in a prison. If we could get the state Board of Nursing to accept them, we could get them to work in corrections, which would really cut down on vacancies," he said.

Despite the problems, Thielen said there are some advantages for nurses working in Alaska prisons. Besides receiving fairly generous state benefits, health-care personnel are given responsibilities unavailable to them in most other private work.

"Nurses feel more committed because they're given full-charge responsibilities and work autonomously. They practice every skill they've ever learned and then some. It's a real challenge."

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 20, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 3-20-91

The STATE AFFAIRS Committee considered:

CSSB 32(STA)

CS FOR SENATE BILL NO. 32 (STATE AFFAIRS)

PERS BENEFITS FOR YOUTH CENTER EMPLOYEES

"An Act granting certain juvenile correctional institution employees status as peace officers under the public employees' retirement system; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCS CS SB 32 (State Affairs) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

fiscal impact _____

zero fiscal note _____

APPROVES PREVIOUS: _____ (Dept/Due)

fiscal note(s) Health & Soc. Services 2-15

zero fiscal note(s) Retirement Benefits 2-6

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
<i>Gene Kubina</i>				
<i>Tom Hayes</i>				
<i>David Accisio</i>				
<i>George Baker</i>				

Gene Kubina
Chairman's Signature

ALASKA JUVENILE CORRECTIONAL OFFICER ASSOCIATION

FEB 21 1991

POSITION PAPER

It is the position of the Association that Juvenile Correctional Officers, (i.e., Youth Counselors, Unit Leaders, and Youth Center Superintendents) be included as members in the Peace Officers Retirement System.

The Association requests that legislation be introduced granting Youth Counselors, Unit Leaders, and Youth Center Superintendents status as peace officers under the public employees retirement system. This proposed legislation should allow these job classes currently employed, the ability to claim prior years of service as peace officers for the purpose of credited service. Youth Counselors, Unit Leaders, and Youth Center Superintendents claiming this retroactive service should accrue an indebtedness to the retirement system equal to the difference between their actual employee contribution and the contribution which they would have made at the peace officer rate.

For most state employees the Public Employee Retirement System provides for normal retirement at age 55 or 30 years service if hired before July 1, 1986 and at age 60 or 30 years service if hired after June 30, 1986.

Employees defined as peace officers are eligible to retire with normal benefits after 20 years of service without regard to age. PERS regulations and Title 39 define "peace officer" as an employee of a police agency or other governmental organization who has primary responsibility of "the prevention and detection of crime and the enforcement of the fish and game, penal, traffic or highway laws of the state ...". This special retirement plan for peace officers was enacted in 1960 in recognition of the dangers and stress related to the performance of peace officer duties and

the need for persons performing peace officer functions to be physically and mentally fit. Peace officers are encouraged to retire before the inevitable loss of the physical and emotional stamina required for peak performance.

Over the last few years, eligibility for the 20 year peace officer retirement plan has been expanded to include other job classifications. Fire fighters, fire chiefs, special officers commissioned by the state troopers, correctional officers, correctional superintendents, and probation officers have now been included in addition to the original group of police officers, state troopers, and police chiefs.

Correctional officers and correctional superintendents in the adult system became the first justice system employees to participate as "peace officers" who were not in the traditional law enforcement category. Failure to include Youth Counselors, Unit Leaders, and Youth Center Superintendents employed in juvenile correctional institutions in the peace officers retirement system has resulted in glaring inequities between similar job classifications in the justice system.

The job classifications of law enforcement powers, danger, stress, and the need for physical and emotional fitness which justified inclusion of adult correctional officers and correctional superintendents are present to an equal or greater degree with Youth Counselors, Unit Leaders, and Youth Center Superintendents. Youth Counselors, Unit Leaders, and Youth Center Superintendents employed at state juvenile correctional institutions have many of the same job characteristics as those personnel employed in the adult system. The above mentioned personnel within the juvenile system are required to physically restrain out of control juveniles, transport juvenile offenders, and apprehend juveniles who have absconded from the institution. Juveniles, because of

their impulsive nature are more likely than adults to be aggressive and assaultive to staff.

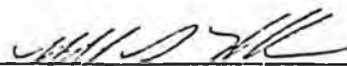
The disparate treatment of these job classes with respect to 20 year retirement demoralizes the ineligible employees and reduces the benefits to the employing agency of an established progressive system. There is little incentive for an employee of the juvenile correctional system to seek professional advancement within. To work in youth corrections rather than in the adult correctional system deprives the employees of the security of a 20 year retirement option. Employees are drawn down the career ladder rather than up.

An agency whose employees are eligible for 20 year peace officer retirement potentially accrues a number of organizational benefits. Recruitment and retention of a skilled, satisfied and stable work force can contribute greatly to public service goals. Such an agency can more easily attract the most qualified workers.

Youth Counselors, Unit Leaders, and Youth Center Superintendents have become the entry point for persons into state service and the training ground for employees seeking greater benefits available in the adult correctional system or the probation officer job classification series.

In summary, the Association respectfully requests the introduction of legislation to include Youth Counselors, Unit Leaders, and Youth Center Superintendents as members of the Peace Officers Retirement System.

Respectively,



Billy D. Holder, Pres.
Alaska Juvenile Correctional
Officers Association

12-6-90
Date

ALASKA JUVENILE CORRECTIONAL OFFICER ASSOCIATION
FACT SHEET

1. Juvenile Correctional Officers (ie. Youth Counselors, Unit Leaders, and Youth Center Superintendents) have the powers of Peace Officers as defined by AS 11.81.900(38) and AS 17.10.120.
2. Juvenile Correctional Officers (ie. Youth Counselors, Unit Leaders, and Youth Center Superintendents) have the authority to make arrests, execute court orders, and the service of process.
3. Juvenile Correctional Officers (ie. Youth Counselors, Unit Leaders, and Youth Center Superintendents) are frequently called upon to physically restrain delinquent youth both inside and outside Juvenile Correctional Institutions.
4. Juvenile Correctional Officers (ie. Youth Counselors, Unit Leaders, and Youth Center Superintendents) are subjected to the same or greater degree of stress and physical endangerment as Adult Correctional Officers.
5. Juvenile Correctional Officers (ie. Youth Counselors, Unit Leaders, and Youth Center Superintendents) are currently the only Correctional law enforcement group not included in the Peace Officer retirement system.
6. Juvenile Correctional Officers (ie. Youth Counselors, Unit Leaders, and Youth Center Superintendents) perform the same job duties as Adult Correctional Officers. In addition, are required to transport incarcerated individuals and perform community searches for escaped individuals.
7. In a sense of fairness and recognition of contributions to public safety, Juvenile Correctional Officers (ie. Youth Counselors, Unit Leaders, and Youth Center Superintendents) should be included in the Peace Officer Retirement System.

ALASKA JUVENILE CORRECTIONAL OFFICERS ASSOCIATION

STATISTICAL REPORT

ALASKA YOUTH CORRECTIONAL INSTITUTIONS

	<u>1988*</u>	<u>1989</u>	<u>1990</u>
1. <u>ADMISSIONS</u> - total # of admissions to Juvenile Correctional Institutions	1520	1806	1623
2. <u>FELON ADMISSIONS</u> - total # of felon admissions to Juvenile Correctional Institutions	211	231	236
3. <u>SUICIDE ATTEMPTS</u> - total # of suicide attempts by incarcerated youth	86	94	79
4. <u>ASSAULTS ON JCO</u> - total # of assaults on Juvenile Correctional Officers	19	34	76
5. <u>ASSAULTS ON YOUTH</u> - total # of assaults on youth by other youth	136	118	161
6. <u>PLANNED ASSAULTS</u> - total # of disclosed planned assaults by incarcerated youth on Juvenile Correctional Officers	193	131	287
7. <u>JCO INJURIES</u> - total # of Juvenile Correctional Officer injuries while on duty	26	19	30
8. <u>RESTRAINTS</u> - total # of incarcerated youth requiring physical restraints by Juvenile Correctional Officers	338	421	418
9. <u>ESCAPES</u> - total # of escapes by incarcerated youth	77	53	52
10. <u>APPREHENDED ESCAPEES</u> - total # of escapees apprehended by Juvenile Correctional Officers	41	24	18
11. <u>ESCAPE PLANNING</u> - total # of incarcerated youth involved in disclosed escape planning	191	129	285
12. <u>CONTRABAND</u> - total # of contraband incidents involving dangerous or illegal objects or substances	141	103	183
13. <u>SECURITY ESCORTS</u> - total # of security escorts by Juvenile Correctional Officers	1969	2349	3519
14. <u>DESTRUCTION OF STATE PROPERTY</u> - total # of destruction of State property incidents by incarcerated youth	63	60	52

* Statistics for Bethel and Nome Youth Correctional Facilities not available for this year.

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100

(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR —
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

MEMORANDUM

FEB 21 1991

February 21, 1991

TO: Representative Gene Kubina, Chair
House State Affairs Committee

FROM: Senator Jim Duncan

SUBJECT: SB 32 "An Act granting certain juvenile correctional institution employees status as peace officers under the public employees' retirement system; and providing for an effective date."

Please schedule SB 32, granting certain juvenile correctional institution employees status as peace officers under the public employees' retirement system for a hearing at your earliest convenience.

SB 32 provides Juvenile Correctional Employees a 20 year retirement by granting them Peace Officer Status in the Public Employees' Retirement System. This status in the retirement system is currently afforded to peace officers, fire fighters, probation officers, and adult correctional officers.

Employees at state juvenile correctional facilities have many of the same responsibilities as personnel in adult correctional institutions. Because of the hazardous nature of this work, I feel it is appropriate to include these employees in the 20 year retirement system. There is much support throughout the state for this legislation.

Please find attached pertinent information relating to this legislation.

Attachments



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

House State Affairs Committee

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

March 11, 1991

MEMORANDUM

TO: Representatives Eileen Maclean and Mike Navarre, Co-chairs
House Finance Committee

FROM: Representative Gene Kubina, Chair
House State Affairs Committee

RE: CSSB 32 Fiscal Notes

The House State Affairs Committee has heard CSSB 32 and requests that the House Finance Committee review the fiscal notes attached to this bill. There is a question as to which departmental assessment is most accurate: the fiscal note drafted by the Department of Health and Social Services which calculates the cost at \$100.2 or the fiscal analysis submitted by Retirement and Benefits which anticipates the impact to be \$168,584.

The HSS fiscal note is based on average base salary. The Retirement and Benefits note is calculated using state FY93 payroll.

FISCAL NOTE

BILL NO. CSSB 32

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____
Title: An act granting certain juvenile correction employees status of peace officers under PERS.

Department Affected: Administration
BRU: Retirement and Benefits

Sponsor: DUNCAN
Requestor: _____

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

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

FUNDING: (Thousands of dollars)

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

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.) This bill is estimated to cost the state of Alaska \$168.6 in increased personal services for FY 93 and each year thereafter.

The attached sheet discusses the fiscal implications of this bill to the Public Employees' Retirement System.

Prepared By: Gary Bader
Division: Retirement and Benefits

Phone: 465-4460
Date: February 6, 1991

Approved by Commissioner: Millett Keller
Agency: Department of Administration

Date: 3/7/91

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

Committee Substitute for Senate Bill 32
 Analysis of Fiscal Implications to the Retirement Funds
 Prepared by Division of Retirement and Benefits
 Department of Administration
 February 6, 1991

Analysis: This bill is intended to include Public Employees' Retirement System (PERS) members who serve as youth counselors, unit leaders, nurses or superintendents in juvenile correctional institutions under "Peace Officer/Firefighter" coverage. They are currently covered under the "All Other" category. We have assumed that this bill will increase the "Peace Officer/Firefighter" participation and decrease the "All Other" participation in PERS by 170 members.

This bill is estimated to increase the state FY 93 PERS contribution rate by .03%. The state payroll is estimated to be \$561,946,558 in FY 93 and remain stable each year thereafter.

The state cost of \$168.6 is calculated as follows:

State FY 93 payroll	\$ 561,946,558	
Increase in PERS rate	X .03%	<i>of 10/3</i>
	<u> </u>	<i>.003</i>
TOTAL FY 93 STATE COST		<u>\$ 168,584</u>

This bill will not materially affect the accrued liabilities or the funding ratio of the PERS fund.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 32

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act granting certain juvenile correction BRU: Youth Services
institution employees status as peace officers Component: All youth facility components
 Sponsor: Senator Duncan
 Requestor: _____ COMPONENT SERIAL NO. 0264-0268

Expenditures/Revenues

(Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	100.2	100.2	100.2	100.2	100.2	100.2
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	100.2	100.2	100.2	100.2	100.2	100.2
CAPITAL						
REVENUE						

FUNDING:

(Thousands of Dollars)

	FY92	FY93	FY94	FY95	FY96	FY97
GENERAL FUND	100.2	100.2	100.2	100.2	100.2	100.2
FEDERAL FUNDS						
OTHER						
TOTAL	100.2	100.2	100.2	100.2	100.2	100.2

POSITIONS:

	FY92	FY93	FY94	FY95	FY96	FY97
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)

This bill will add youth counselors, unit leaders, youth facility superintendents, and nurses working in juvenile correctional institutions to the 20 year "peace officers" retirement plan of PERS. 168 employees of the Division of Family & Youth Services could become eligible for 20 year retirement.

Each affected employee would have the option of participating in the 20 year retirement plan or remaining in the regular Public Employee Retirement Plan.

Prepared by: Russ Webb, Acting Director *Russ Webb*
 Division: Family and Youth Services

Phone: 465-3170
 Date: 2/15/91

Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala*
 Agency: Department of Health and Social Services

Date: 2/23/91

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

ANALYSIS (cont.):

This bill would have a personal services impact on all youth facility components; McLaughlin Youth Center, Fairbanks Youth Facility, Nome Youth Facility, Johnson Youth Center and Bethel Youth Facility. The State PERS contribution for affected employees would increase from 15.64% to 16.97%. Combined annual fiscal impact for all youth facility components within the BRU is \$95,424.00.

If passed this bill would become effective immediately under AS.01.10.070(c). It is possible to have an effective date prior to the end of FY91. For FY91 the monthly cost could be \$7,553.00 distributed among components in the Youth Services BRU.

FY92 Cost Calculation

Average Base Salary	\$42,700.00
PERS increase (1.33%)	x .0133
Cost Per Person	\$ 566.00
Number of Affected Employees	x 168
TOTAL	\$95,424.00

FY93-FY97 cost calculation includes a 3% COLA.



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: Mar. 15, 1991

PLACE: Capitol, Room 102

SUBJECT OF MEETING:

- HB 40 - Relating to False Information in Election Pamphlets
- SB 18 - Relating to Investment of Pension Funds
- SB 32 - Relating to PERS Benefits for Youth Center Employees

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
GREG ROTH	AK JUV. CORRECTIONAL OFFICERS ASSN	3252 Hospital Ln JUNO	99801		584-9433	(Y) N	SEN 32
Viola Skow	AK State Educ. Assoc	631 W. 11th JUNEAU	99801		581-1602	(Y) N	SEN 18
Patricia Lempert	"	157 Behrends Ave JUNO	99801		586 2626	Y (N)	SB 18
Carole Oien	"	P.O. Box 34852, June 99801	99801	789-4264		Y (N)	SB 18
Fred M. Luchick	PERI	P.O. Box 210143 AKKE Bay	99821	789-7420		Y (N)	SB 18
Marie Waslin	PERS	Box 2-1783 JUNO	99802	6-3637		(Y) N	SB 18
Willie Anderson	NEA/AAE	105 Municipal Way JUNO	99801	6-3090		(Y) N	SB 18
Gary Bader	Dept of Admin	State office Building JUNO	99811	44460		Y (N)	SB 18
Darral Rexwinkel	Dept of Revenue	SOB JUNO	99811	2300	2300	(Y) N	SB 18
Lynne Lawson	RTA	2830 FRITZ CAROL	99801	9-9655		Y (N)	18
Elizabeth Lucas	AARP-RTA JUNO	99801	"		Y (N)	18



House State Affairs Committee

Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Scott Burgess	AML				6-1325	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	SB 18
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	
						<input type="checkbox"/> Y <input type="checkbox"/> N	



House State Affairs Committee

Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Rose Olive Druxman	Individ. JRTA	P.O. Box 021369 Juneau, AK	99802	586 - 1172	—	Y <input checked="" type="radio"/> N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: Mar. 11, 1991

PLACE: Capitol, Room 10

SUBJECT OF MEETING:

- *HB 47 - Relating to PERS Benefits for Youth Center Employees
- *HJR 22 - Relating to Opposing Reduction of Federal COLA
- SB 32 - Relating to PERS Benefits for Youth Center Employees
- SJR 15 - Relating to Opposing Fed. COLA

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
GREG ROTH	AK JUN. CORR. OFFICERS ASSN	3252 HOSPITAL DR JUNO	99801		586-9433	<input checked="" type="radio"/> Y	N HB 47 - SB 32
GARY BADER	Dept of Admiral	RETIREMENT & BENEFITS POUCH C JUNEAU, 99911	99811	44460	X4460	<input checked="" type="radio"/> Y	N
TOM BERGSTRAM	DHSS	ROY H, JUNEAU 99811	99811	3030	3030	<input checked="" type="radio"/> Y	N HB 47 - SB 32
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: Mar. 11, 1991

PLACE: Capitol, Room 102

SUBJECT OF MEETING:
 SB 24 - Relating to Approp: Longevity Bonus Program
 HB 67 - Relating to the Impoundment of MIs-treated Animals

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Kathy Hathaway	Sen. Yettula					<input checked="" type="radio"/> Y <input type="radio"/> N	SB 24
Ronald G. Clarke	Rep Koponen				4992	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 67
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	

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Senator Pourchot
February 12, 1991

SUMMARY

SB 34 amends the Longevity Bonus statutes governing length of absence from the state by increasing from 90 to 135 days the length of time a bonus recipient can be gone before having to go through the one year requalification process.

To clarify the current statutory ambiguity regarding cumulative absences, a new provision is added that specifies that a person who has not qualified to receive at least 8 bonuses during the last 12 months will have to requalify for the program.

In public hearings held by the Division of Pioneer Benefits this past fall, seniors repeatedly stated that they felt unduly restricted in their travel by the current statutory 90-day limitation on absences. This restriction appears severe in light of the fact that many seniors must save for several years before being able to afford a trip Outside.

By allowing seniors to be gone an additional 45 days (during which time they do not receive a bonus), SB 34 appears to more closely meet the intent of the original legislation and to represent a win/win situation. Not only would seniors be afforded greater travel opportunities, but the overall cost of the longevity bonus program would not be increased. In addition, this proposal may encourage individuals to be more accurate in their reporting of out of state absences.

2/7/91

Pat - Regarding SB 34 (Longevity Bonus absences) these are some questions which haven't but may come up.

- 1) What is the difference between Sections 1 and 2 -

Section 1 relates to a **continuous** absence; i.e., a person can be gone for 135 days straight before having to return to the state to retain bonus eligibility.

Section 2 relates to **cumulative** absences; i.e., repeated trips out of state. To retain eligibility, a senior must qualify to receive at least 8 bonuses during the previous 12-month period (not calendar year).

- 2) Isn't there a contradiction in allowing a person to be gone for 135 days, and then specifying they can only miss 4 bonus payments (which represents 120 days)? No, a person who is gone for 135 days misses 4 bonus payments. The additional 15 days represent the time a person can be gone during a month without having to report under the new regs.
- 3) Does a person have to report an absence of less than 30 days?
Under current statute - No
Under the new regs - Yes, you have to indicate on your check stub that you were not gone from the state for more than 15 days during the previous month.

(The Department then compares check stubs from month to month to determine if a person forfeits a bonus; i.e., if you indicate on the check stub you receive in February that you were gone the last 15 days in January and on your March check stub you indicate that you were gone the first 15 days in February, you will forfeit one check.....Sounds a little confusing.....it is!)

Under current statutes (and the new regulations) a person will be disqualified from the program for one year if they exceed the **90-day continuous absence** limitation. However, the **new regs count any absence separated by less than 10 days in state as a continuous absence.** (Under the old regs disqualification resulted from any absence whether continuous or cumulative that exceeded 90 days during a given 365 day period.) (Note: Legal Services questions the Department's statutory authority to adopt a regulation that counts absences separated by less than 10 days in state as a continuous absence.)

Maximum number of days a person can be out of state during a year without losing a bonus:

Under current statute - 348 days

This has happened (The retired airline pilot who flew up from Seattle once a month to pick up his bonus, stayed overnight, then went back to Seattle. He was not breaking the law. He did not have to report his absence since the absence out of state didn't exceed 30 days.

New Regs - 180 days (2 weeks each month)

Under new regs, person has to report on check stub if out of state for more than 15 days in previous month.

SB 34 - 180 days (2 weeks each month)

Maximum number of days a person can be out of state during a year without being disqualified - not necessarily collecting a bonus:

Under current statute - 348 days (see above)

New regs - 335 days

Gone 90 days, back 10; gone 90, back 10; etc.

SB 34 - 135 to 180 days

You can miss no more than 4 bonuses.

Taken as a continual absence this would equal 135 days.

Taken as 4 one-month absences it could equal 180 days.

30 days for the month gone

15 days you can be gone without reporting

A total of 45 days for one absence = one lost bonus

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FINANCE COMMITTEE REPORT

(7)

Date Referred: May 15, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 5-17-91

The STATE AFFAIRS Committee considered:

CSSB 44(FIN)

CS FOR SENATE BILL NO. 44 (FINANCE)

CONSTRUCTION & OPERATION OF VETS' HOME

"An Act relating to the establishment and operation of state veterans' home facilities; and providing for an effective date."

RECOMMENDATIONS:

be replaced with

H CS CSSB 44 (HSTA)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

fiscal impact _____

zero fiscal note _____

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) Dept. Military/Vets Affairs 5-15-91

zero fiscal note(s) DMVA 3-27-91

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Gene Kubana</i>		<i>Tom Moran</i>			<input checked="" type="checkbox"/>
		<i>Walter D. ...</i>			<input checked="" type="checkbox"/>
		<i>Chris ...</i>			<input checked="" type="checkbox"/>

Gene Kubana

CHAIRMAN'S SIGNATURE

ALASKA NURSING HOMES CENSUS

AS OF : February 28, 1991

PAGE 1 OF 2

FACILITY	MEDICAID PER DIEM RATE	CERTIFIED CAPACITY		MEDICAID/GRM PLACEMENTS		NON-DMA PLACEMENTS MEDI- CARE		TOTAL CENSUS	VACANT BEDS	% OCCUPANCY OF TOTAL BEDS	
		SNF/ ICF	SWING BEDS	ICF	SNF	MEDI- CARE	OTHER			OVERALL	MEDICAID
CORDOVA HOSPITAL LTC	\$282.90	10	4	9	2	n/a	0	11	3	79%	79%
DENALI CENTER (Fairbanks)	199.79	101	0	35	13	5	8	61	40	60%	48%
HERITAGE PLACE (Soldotna)	220.51	45	0	23	1	4	6	34	11	76%	53%
ISLAND VIEW MANOR (Ketchikan)	237.70	46	0	17	1	5	3	28	18	61%	39%
KOTZEBUE SENIOR CITIZEN CARE CTR.	205.87	9	0	6	3	0	0	9	0	100%	100%
KODIAK ISLAND HOSPITAL LTC	234.13	19*	4	17	n/a	0	3	20	3	87%	74%
MARY CONRAD CENTER (Anchorage)	220.08	73*	0	72	n/a	n/a	1	73	0	100%	99%
OUR LADY OF COMPASSION (Anchorage)	184.69	224	0	138	55	4	20	217	7	97%	86%
PETERSBURG HOSPITAL LTC	256.27	14	4	10	0	0	1	11	7	61%	56%
QUYAANA CARE CENTER (Nome)	292.48	15*	0	14	n/a	n/a	0	14	1	93%	93%
SOURDOUGH PLACE (Valdez)	212.18	16*	0	10	n/a	n/a	4	14	2	85%	63%
SOUTH PENINSULA HOSP. LTC (Homer)	265.21	18	4	15	0	n/a	1	16	6	68%	73%
ST. ANN'S NURSING HOME (Juneau)	209.64	45	0	30	6	0	3	39	6	87%	80%
WESLEY REHAB. CARE CENTER (Seward)	165.42	66	0	41	0	n/a	4	45	21	68%	62%
WRANGELL GENERAL HOSPITAL LTC	290.09	14	4	8	2	0	2	12	6	67%	56%
SWING BEDS (Acute to LTC):											
CENTRAL PEN. HOSPITAL (Soldotna)	181.75	0	4	0	0	0	0	0	4	0%	0%
SEWARD GENERAL HOSPITAL	177.51	0	2	0	0	1	0	1	1	50%	0%
SITKA COMMUNITY HOSPITAL	181.75	0	2	0	0	1	0	1	1	50%	0%
VALDEZ COMMUNITY HOSPITAL	181.75	0	4	2	0	0	0	2	2	50%	50%
VALLEY HOSPITAL (Palmer)	181.75	0	4	0	0	3	0	3	1	75%	0%
TOTAL:			751	447	83	23	56	611	140	79%	71%

- * - beds certified ICF only.
- ** - includes VA, private pay, insurance, and other.



 KAREN MARTZ DATE 3/27/91
 DIVISION OF MEDICAL ASSISTANCE (907) 461-2171

RECEIVED

Alaska Pioneers' Home System

Occupancy Report
for the period
beginning 03/27/91
through 04/26/91

Barbara Bathony
Barbara Bathony, Director
Division of Pioneers' Benefits
Department of Administration

Residential Beds	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Available	66	52	22	109	19	20	288
Unavailable	0	0	0	0	0	0	0
Occupied	38	42	19	97	18	19	231
Occupied (%)	54.5	80.8	86.4	89.0	94.7	95.0	80.2
Vacant	30	10	3	12	1	1	57
Waiting	3	1	0	0	10	4	18
Surplus (Deficit)	27	9	3	12	(9)	(3)	39
Surplus/Deficit (%)	40.9	17.3	13.8	11.0	(47.4)	(15.0)	13.6
Destitute	4	0	0	1	1	0	6

Assisted Living Beds	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Available	20	4	17	25	0	0	66
Unavailable	0	0	0	0	0	0	0
Occupied	19	4	13	25	0	0	61
Occupied (%)	95.0	100.0	76.5	100.0	0.0	0.0	92.4
Vacant	1	0	4	0	0	0	5
Waiting	5	5	4	12	0	0	26
Surplus (Deficit)	(4)	(5)	0	(12)	0	0	(21)
Surplus/Deficit (%)	(20.0)	(125.0)	0.0	(48.0)	0.0	0.0	(31.8)
Destitute	5	1	1	2	0	0	9

Nursing Beds	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Available	26	45	46	82	28	32	259
Unavailable	0	0	0	0	0	0	0
Occupied	26	44	41	82	28	31	250
Occupied (%)	100.0	97.8	89.1	100.0	92.9	96.9	96.5
Vacant	0	1	5	0	2	1	9
Waiting	28	34	0	48	20	38	184
Surplus (Deficit)	(26)	(33)	5	(46)	(18)	(37)	(155)
Surplus/Deficit (%)	(100.0)	(73.3)	10.9	(58.1)	(64.3)	(115.6)	(59.8)
Destitute	7	17	17	28	10	10	89

Infirmiry Beds	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Available	3	3	2	4	2	2	16
Days Available	93	93	62	124	62	62	496
Days Occupied	72	18	0	60	44	0	194
Days Occupied (%)	77.4	19.4	0.0	48.4	71.0	0.0	39.1
Residents	5	2	0	9	2	0	18
Residents (%)	13.9	4.8	0.0	9.3	11.1	0.0	7.8

Total beds	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Available	115	104	67	220	49	54	629
Unavailable	0	0	0	0	0	0	0
Occupied	81	90	73	204	44	50	542
Occupied (%)	70.4	86.5	83.9	92.7	89.8	92.6	86.2
Vacant	34	14	14	16	5	4	87
Waiting	34	40	4	58	30	42	208
Surplus (Deficit)	0	(26)	10	(42)	(25)	(38)	(225)
Surplus/Deficit (%)	0.0	(25.0)	11.5	(19.1)	(51.0)	(70.4)	(35.8)
Destitute	16	18	18	31	11	10	104

Status Changes	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Admissions							
Residential	3	2	1	3	0	0	9
Assisted Living	0	0	0	0	0	0	0
Nursing	0	0	0	0	2	0	2
Total	3	2	1	3	2	0	11
Discharges							
Residential	0	0	0	0	0	0	0
Assisted Living	0	0	0	0	0	0	0
Nursing	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Deaths							
Residential	0	0	2	1	0	0	3
Assisted Living	0	0	0	1	0	0	1
Nursing	1	3	2	2	1	0	9
Total	1	3	4	4	1	0	13
Transfers							
Residential							
to Assisted Living	0	0	0	0	0	0	0
to Nursing	1	2	0	0	0	0	3
wait Assisted Living	0	15	0	2	0	0	17
wait Nursing	0	0	0	0	0	0	0
Assisted Living							
to Residential	0	0	0	0	0	0	0
to Nursing	0	0	0	0	0	0	0
wait Residential	0	0	0	0	0	0	0
wait Nursing	0	0	0	4	0	0	4
Nursing							
to Residential	0	0	0	0	0	0	0
to Assisted Living	0	0	0	0	0	0	0
wait Residential	0	0	0	0	0	0	0
wait Assisted Living	0	1	0	0	0	0	1

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION
May 16, 1991

Senator Gene Kubina, Chair
State Affairs Committee
House of Representatives
Capitol Building
Juneau, AK 99811

Dear Representative Kubina and Members
of the State Affairs Committee:

The Alaska State Hospital and Nursing Home Association supports efforts to make residential and long term care available for Alaska veterans. There is a need for this care.

The Association makes the following recommendations:

- #1. The Alaska Legislature place \$1,825,000 in the Department of Military Affairs budget for fiscal year 1992 to commence immediately to purchase long term care for veterans. (25 veterans @ \$200.00 per day x 365 days = \$1,825,000.00). That a like amount be placed in the DMV budget for residential care, bringing the total appropriation for 1992 to \$3,650,000.00
- #2. On page 2, line 10 of CSSB 44, a new section be added that reads:
Sec. 5, AS 44.35.020 is amended by adding a new section to read:
 - A. Veterans Home Advisory Board Established. (1) There is created in the department of Military and Veterans Affairs a Veteran's Home Advisory Board composed of seven members consisting of the following persons appointed by the governor and who serve at the pleasure of the governor:
 - (2) A representative of the Department
 - (3) A representative of the Older Alaskans Commission
 - (4) A representative of the Alaska Area Native Health Service
 - (5) A representative of the office of management and budget in the Office of the Governor
 - (6) A representative of veterans' organization
 - (7) A representative of a community health care facility.
 - B. The members of the advisory board shall elect a member of the board as chair.
 - C. Board Duties. The Board Shall:

1. review the plans of the Department to establish and operate a state veterans home including the selection of the site for that home.
2. Advise the Department on making the veterans' home eligible for maximum amount of federal funds.
3. Review the impact of a veterans' home on the access of veterans to quality long term and residential care, including the number of veterans eligible for care.
4. Review the impact on the veteran in having to leave his or her home community to receive care in a veterans home and the impact on the veterans family including the cost of travel to visit the veteran.
5. Review and report to the Legislature and Governor if there will be adverse financial impact to small rural facilities or Pioneer homes if veterans care transferred to a veterans home.
6. After public notice has been given the Department and the board shall, not later than December 1 of each year, beginning in 1991, hold a public hearing on the status of the veterans home and the furnishing of health care, including residential and long term care, to veterans in the state of Alaska.
7. The Department shall transmit to the Governor and the Legislature within the first 10 days of each legislative session a report on the cost, maintenance, budget needs, and other pertinent information on the provision of health care to veterans in the state of Alaska.

We thank you for your consideration of the above recommendations.

Sincerely,

Harlan R. Knudson
President/CEO



Heritage Place

232 Rockwell Avenue
Soldotna, Alaska 99669
907-262-2545

May 16, 1991
Rep. Gene Kubina, Chair
House State Affairs Committee
P.O. Box V, MS 3100
Juneau, Ak. 99811

Re: Consideration of SB 44, "Veteran's Home"

Dear Rep. Kubina:

It is my understanding that your committee will be taking up consideration of SB 44 this afternoon at 4:00pm. I would like to suggest that the committee hold a teleconference on this bill to give communities across the state further opportunities to testify as to the both the advantages and disadvantages of the legislation. At this time I would wish to ask the following questions concerning the establishment of a Veteran's Home.

- a) How will this legislation provide greater access for Veterans to health care in their local communities?
- b) Does the legislation contemplate a facility which provides skilled nursing care, or will the facility focus on residential services, i.e., domiciliary care?
- c) As the state is already struggling with "What to Do" with the facilities and staffing at Harborview Developmental Center, wouldn't it be appropriate to include this question with the study which is to be completed in the interim, i.e., are more facilities needed at this time?
- d) Since the state desires to help Veterans with nursing care as contemplated in this legislation, why not simply appropriate the necessary funding for the utilization of existing community nursing care facilities in the communities where the veterans reside with their families and friends. Would that not be both cost-effective and provide the greatest access at the local level?
- e) Since the legislature has focused a great deal of time and energy on health care cost containment, has there been an analysis of the impact such a new facility would have on both the cost and access to care in communities across the state, and most particularly the small rural combined hospitals/nursing homes in Cordova, Kodiak, Homer, Wrangell, Petersburg, Ketchikan and Nome?

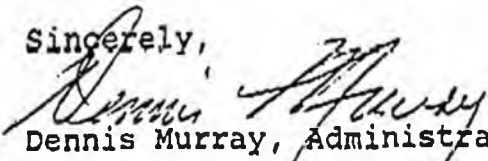
Page 2

Letter to Gene Kubina

There is certainly a need to address the problems for Veterans obtaining access to long term care services. In part, the Veterans are part of a larger question of financing for institutional services. Nationally, there are presently only two major mechanisms. They are the Medicaid System and Individual Self-Pay. In Alaska there is a dilemma of coverage for those persons who because of income do not qualify for Medicaid protection. That dilemma was addressed in the early 1980's through the Medicaid state exception program. Unfortunately, the administration and legislature have been unable to fund that program since 1985.

Thank you for the opportunity to have input. I do hope that this legislation can be held over for the second session. During the interim this question should be part of all discussions with respect to the state's role and commitment to fund health care for the Veteran and for other Alaskans.

Sincerely,


Dennis Murray, Administrator

cc. Rep. Mike Navarre
Rep. Gail Phillips

Alaska State Legislature

Legislative Research Agency



P. O. Box Y
Juneau, AK 99811-3100
Phone: (907) 143-3881
Fax: (907) 143-3351

November 6, 1990

MEMORANDUM

TO: Representative Max Gruenberg

ATTN: JoAnn Hilde

FROM: Glenn T. Gray^{GTG}
Legislative Analyst

RE: Cost of Applying for a State Veterans Home in Alaska
Research Request 91.045

You asked for information about the process of applying for a grant from the U.S. Veterans Administration (VA) to build a veterans home in Alaska. You also asked for an estimate of the cost of preparing the application and meeting other procedural requirements, such as obtaining a certificate of need from the State of Alaska.

This memorandum explains the application process for a grant from the VA; it summarizes State requirements for obtaining a certificate of need; it describes what might be included in a feasibility study; and it provides cost estimates for completing these documents.

As you know, an important early step in pursuing a new VA home is to undertake a feasibility study which critically assesses the need for a new facility. A study of this type is not specifically required in the VA grant application process. However, a demonstration of the feasibility of a proposed facility (i.e., proof it is needed and would be economically efficient) is the essence of State of Alaska requirements for obtaining a certificate of need. Furthermore, the VA requires a state to appropriate half of its 35 percent share of the project cost early in the grant application process. A credible feasibility study justifying the need for a veterans home would encourage legislative support for this appropriation.

A complete feasibility study that includes an analysis of the present and future supply and demand of residential and nursing care beds, conceptual design work, and analysis of the financial feasibility of the facility, would cost approximately \$200,000. A feasibility study that primarily addresses the supply and demand for institutional care of this type (a needs assessment) would cost approximately \$50,000.

Representative Gruenberg
November 6, 1990
Page 3

requirements, using its own staff, in an afternoon.⁴ The VA then reviews the preapplication and notifies the state if it appears to be eligible for the grant.

Once the preapplication has been submitted, up to 65 percent of further project costs (including a feasibility study) may be reimbursed under the grant if it is awarded. Therefore, it is important to submit the preapplication before completing detailed studies.

Application Phase

Although detailed studies must be submitted during the application phase, they are not required for the initial application deadline of August 1. According to Mr. Baker, a state should not have to hire an architect or engineer until its application has been approved. Once the grant is approved, the VA requires submission of specific documents: application forms (SF 424, 424C, and 424D), an updated space program, a letter from the state historic preservation office stating whether the site meets criteria for the National Register of Historic Places, a site plan, design development drawings, a design development outline specification, and design development cost estimates (38 CFR 17.181). An environmental assessment is also required for facilities greater than 75,000 square feet (38 CFR 17.173).

Mr. Baker estimates that the cost of constructing a veterans home is about \$82,000 per bed and that about ten percent of this cost would be used for studies and architectural plans. Experience shows the cost of construction in Alaska may be higher. About 25 percent of the \$10,000,000 cost of the Juneau Pioneers' Home can be attributed to architectural, engineering, and inspection costs. About two percent of the total project costs were associated with initial planning expenses.⁵ The Juneau Pioneers' Home cost about \$185,000 per bed.⁶

The VA requires that the state meet certain standards before receiving a grant: the state must operate the facility; sufficient funds must be available to maintain, operate and repair it; the facility must include domiciliary and/or nursing home care beds; and 75 percent of the bed occupants must be veterans. The remaining 25 percent of the beds may be occupied by wives or widows of

⁴Brent Baker, chief, State Home Construction Grant Program, Veterans Administration, Washington D.C., telephone conversations, October 1990.

⁵Wayne Jensen, Jensen-Douglas Architects, Juneau, telephone conversation, October 1990.

⁶The Juneau Pioneers' Home has a total of 54 beds (20 independent living beds, 32 skilled nursing beds and two infirmary beds). The cost per bed was derived by dividing the number of beds by the total cost of the project.

Representative Gruenberg
November 6, 1990
Page 5

Applications for a CON are more likely to be denied for long-term care facilities (nursing homes) than for other types of health care facilities. Nursing homes are expensive to build and require substantial government subsidy to operate. Because a high percentage of long-term health care services is paid by a third party, and not directly by the consumer, traditional economic regulators may not function properly. As a result, it is possible that without some governmental review, such as the CON process, more health care facilities would be constructed than necessary.

The cost of preparing a CON for a veterans home can vary. It depends on the size of the facility, on whether or not the entire cost of the facility or only the state's 35 percent contribution for the project is to be considered, and on the percentage of the facility dedicated to nursing home care beds.¹⁰ Arlene Brobald, an administrative manager for a nursing home in Anchorage, estimates that a private consulting firm would charge from \$6,000 - \$10,000 to prepare an application.¹¹ We contacted two health care consultants with experience in Alaska who estimated the application for a CON for a veterans home would cost between \$10,000 - \$20,000. An Anchorage-based consultant, Bill Dan, estimates that a CON for a veterans home would cost approximately \$10,000.¹² Lynn Grow, a consultant from Yakima, Washington estimates the cost at \$15,000 - \$20,000 for a new facility such as a veterans home.¹³ If the feasibility study described below was already completed, the costs should be less than the foregoing estimates.

FEASIBILITY STUDY

It is reasonable and prudent to complete a general feasibility study after submitting a preapplication to the VA and before preparing a CON application. Although a feasibility study is not specifically required, information from such a study could be used during the application process for a VA grant and for a state CON. If a need exists for a veterans home, a feasibility study would indicate the optimum size and configuration of the home. Because some health care professionals question the need for a veterans home in Alaska, a credible feasibility study justifying the need for a home would also enhance the chance of an appropriation passing the legislature.

¹⁰The portion of the facility dedicated to domiciliary beds is not considered during the CON process.

¹¹Arlene Brobald, administration manager, Mary Conrad Center, Anchorage, telephone conversation, October 1990.

¹²Bill Dan, president, Professional Growth Systems, Anchorage, telephone conversation, October 1990.

¹³Lynn Grow, consultant, Yakima, Washington, telephone conversation, October 1990.

the number of veterans not currently in a home who would be interested in living in the domiciliary portion of a veterans home;

the willingness of veterans to relocate to a centrally-located facility;

waiting lists for nursing home beds in pioneers' homes and vacant beds in community nursing homes;²⁰

demographic projections of the future senior population and likely percentage of veterans who would use a home; and

the effect on community nursing homes if a veterans home were to be constructed.²¹

Should a need for a veterans home be established, it would be helpful if the feasibility study would determine:

the optimum number of nursing home care and domiciliary beds needed;

the approximate cost of constructing such a home;

the costs to the State of operating a veterans home;²² and

alternatives to constructing a centrally-located veterans home (e.g., home-based services or veterans home wings in existing facilities such as community nursing homes or pioneers' homes).²³

²⁰As of July 1990, there were 154 vacant beds in community nursing homes. The sum of the number of people waiting for nursing home care beds in Alaska pioneers' homes was 205 as of August 1990. Because each home maintains its own waiting list and no central list is kept, this figure may count people twice (i.e., a person may be on waiting lists for more than one pioneers' home).

²¹An attached article from the November 1990 issue of the *Senior Voice* newsletter reports that planned expansion of nursing care beds in the Juneau Pioneers' Home could lead to the closure of a local nursing home.

²²The VA per diem rates fund only partial costs of housing a veteran in a state home (L. Nan Stout, chief, State Home Per Diem Grant Program, Washington, D.C., telephone conversation, November 1990).

²³According to Brent Baker, the VA grant program may be used to construct veterans wings on existing facilities.

Representative Gruenberg
November 6, 1990
Page 9

between \$25,000 - \$60,000 depending on the level of detail required. A more in-depth, site-specific study might cost up to \$200,000.

The State could apply for a VA grant before a feasibility study is completed or wait until a such a study establishes the need for a veterans home. A positive response from the VA on the preapplication, however, should not be interpreted as an irrefutable need for a veterans home. The VA considers only the demand for nursing home care in state-owned homes (excess capacity in private and municipal nursing homes is not considered). In other words, the waiting lists for Alaska pioneers' homes could be used to show a need for a veterans home, while the number of unoccupied beds in private and municipal nursing homes could indicate that there is no present need for a new veterans home.

Although the regulations may imply otherwise, VA personnel state that information needed for the August 1 application deadline can be gathered by existing State personnel and therefore should involve few costs. To be considered for the priority 1 category, however, the legislature would need to appropriate 17.5 percent of the estimated cost of the veterans home. Information about the size and costs of the home would have to be estimated if the application is submitted before completion of the feasibility study.

Estimates for the cost of obtaining a certificate of need range between \$6,000 and \$20,000. It may be best to wait for the results of the feasibility study before completing the certificate for three reasons: information resulting from a feasibility study could help justify the need for a veterans home; information from the study could be used for the CON application and thereby reduce its cost; and, should the study not support the need for a veterans home, funds will not be spent needlessly.

* * *

I hope this information is helpful to you. Please contact this office if we may be of additional help.

Attachments

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 44 (FIN)

Revision Date: May 14, 1991
 Title: Establishment and operation of
State Veterans home
 Sponsor: Sen. Kertulla
 Requestor: House DMVA Committee

Department Affected: Military and Veterans Affairs
 BRU: Veterans Affairs
 Component: Veterans Home

COMPONENT SERIAL NO.

N	E	W	
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES			170.5	170.5	170.5	170.5
TRAVEL			3.0	3.0	3.0	3.0
CONTRACTUAL			2577.5	2577.5	2577.5	2577.5
SUPPLIES						
EQUIPMENT				10.0	10.0	10.0
LAND & STRUCTURES						
GRANTS, CLAIMS			6.0	6.0	6.0	6.0
MISCELLANEOUS						
TOTAL OPERATING			2757.0	2767.0	2767.0	2767.0

CAPITAL						
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REVENUE			669.3	669.3	669.3	669.3
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FUNDING: (Thousands of Dollars)

GENERAL FUND			2087.7	2097.7	2097.7	2097.7
FEDERAL FUNDS			322.7	322.7	322.7	322.7
OTHER			346.6	346.6	346.6	346.6
TOTAL						

POSITIONS:

FULL-TIME			3	3	3	3
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared By: Jeff Morrison, Director Phone: 465-4600

Division: Administrative Support and Services Date: 14 May 91

Approved by Commissioner: *J Morrison for* Hugh L. Cox III

Agency: Military and Veterans Affairs Date: 14 May 91

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

FISCAL NOTE TO CSSB 44 (FIN)
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
May 14, 1991

This fiscal note was prepared relying on information provided by the Division of Pioneer Benefits. There has not been sufficient time to perform an independent and thorough analysis of the impact of this bill on DMVA, and further in depth study may require adjustments to the projected operating costs of a state veterans home.

This fiscal note is based on the following assumptions:

1. Any funding to construct a state veterans home would be the subject of a separate appropriation bill or an appropriation in a capital budget bill. Capital costs are not shown in this fiscal note because the bill is authorizing legislation only.
2. Testimony to date for this bill has assumed a state veterans home the approximate size of the Juneau Pioneers Home, with 32 nursing beds and 20 residential beds. Construction costs for such a home would be approximately \$3,000,000 state funds and \$5,570,000 federal funds.
3. For ease of understanding this fiscal note, the assumed start-up operating date of a state veterans home is July 1, 1993 (i.e., FY94). If capital funds were appropriated in the 1991 legislative session, the actual start-up date could be as soon as April 1, 1993.
4. In the event that capital funds are appropriated in the 1991 legislative session for construction of a state veterans home, DMVA would request that some of those capital funds be used to fund the administrative costs of overseeing the design of the home, and to prepare the requests for proposals to operate the home under contract. These expenses would be from the capital budget appropriation, if there is one, and are not shown on this fiscal note.

The attached letter from Barbara Bathony, the Director of the Division of Pioneer Benefits, provides an estimate of the normal annual operating costs of the state veterans home being proposed, if the operation of the home were contracted out to the maximum extent possible. This letter is used as the basis of the DMVA fiscal note, with the following exceptions for the reasons noted:

1. Because of the lack of a health care infrastructure of professionals in DMVA, we will need the administrative person charged with monitoring the contract with the health care organization running the veterans home to be at least an Admin Officer, with an increase in cost of \$15,000 per year.
2. We foresee a need to draw on the expertise in the Division of Pioneer Benefits a great deal in the establishment, start-up, and continued operation of the veterans home. This will require a reimbursable services agreement, at a rough estimated cost of \$20,000 per year. The RSA for this purpose would be charged to the capital budget for the first two years, until the veterans home was operational.
3. Travel costs are expected to be higher than indicated in Ms. Bathony's letter because of the need for the Veterans Affairs director and Administrative Officer to visit Juneau a few times each year to consult with the Division of Pioneer Benefits on operation of the veterans home.

4. Federal operating revenue projections are based on per diem paid by Department of Veterans Affairs (32 nursing residents @ \$22/day; 20 domiciliary residents @ \$9/day)

5. State operating revenue projections are based on collecting room rent from residents based on charges of \$800/month for nursing beds, and \$525/month for residential beds. Based on experience of Pioneers Homes, it is assumed that approximately 80% of the possible revenue can be collected due to vacancies and inability to pay.

Fiscal Note, CSSH 44 (FIN), page 3 of 6

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF ADMINISTRATION

DIVISION OF PIONEERS' BENEFITS

P.O. BOX CL
JUNEAU, ALASKA 99811-0211
PHONE: (907) 465-4400

March 13, 1991

The Honorable Jay Kerttula
Alaska State Senator
P.O. Box V
Juneau, AK 99811

Dear Senator Kerttula:

This letter is in response to your request to calculate the cost projections for the operation of the Veterans Home in Palmer under full management contract. This would include the labor, all professional and other subcontracts, all supplies, except building maintenance and capital expenditures.

The cost reductions are based on the savings of about 19% in the food service/laundry/housekeeping section, a savings of about 10% in the cost of nurses aides and office personnel, an increase of 15% for the Administrator, and an increase in the cost of licensed nursing personnel. All costs are based on FY 1992.

Personnel costs:

1 Maintenance Mechanic	\$59,000
1 Maintenance Worker	\$51,500
1 Admin. Assist. in Central Office Anch.	\$45,000

Travel to inspect home, site visits to Palmer	\$1,000
--	---------

Contractual:

Food Service/Housekeeping/Laundry includes supplies for these areas	\$630,325
Professional contracts, utilities, etc.	\$227,075
Office, nursing labor	\$1,515,130
Administration, management fee	\$185,000

Grants to destitute residents	\$6,000
-------------------------------	---------

Total cost of operation under
management contract

~~\$2,685,030~~
2,720,030 jm

The above figure are a rough estimate. By the year 1994 the first full operation of the facility the cost may increase. The above

FN, CSSB 44, p. 416

March 13, 1991

estimate also stipulates that medical supply costs will not increase drastically, and that medications will be paid for by the Veterans Administration. The cost of medication per residents in the Pioneers' Home in 1990 was from \$130-200 average.

Sincerely,

Barbara Bathony

Barbara Bathony, Director
Division of Pioneers' Benefits

bb1/0313--c
Enclosure

FN, CSSB 44, p. 5/6

Juneau Pioneers' Home
 State-Operated v. Contracting
 Food Service, Housekeeping, Laundry
 March 12, 1991

State Staffing	#	Time Status	Per Employee	Total
Food Service Contract				\$129,300
Food Service Wkr. WG60	3	FT	\$41,000	\$123,000
Food Service Wkr. WG60	3	PT	\$29,600	\$88,800
Food Service Wkr. WG60	1	NP	\$2,500	\$2,500
Cook II WG57	2	FT	\$47,500	\$95,000
Cook II WG57	2	PT	\$36,180	\$72,360
Housekeeping/Laundry				
Custodian I WG60	3	FT	\$39,900	\$119,700
Custodian I WG60	1	PT	\$17,263	\$17,263
Custodian I WG60	1	NP	\$2,500	\$2,500
Custodian II WG59	1	FT	\$45,185	\$45,185
Custodian II WG 59	1	PT	\$31,900	\$31,900
Laundry Worker WG60	2	FT	\$40,000	\$80,000
Cust. Svcs. Foreman WG54	1	FT	\$56,000	\$56,000
Misc. Household Supplies				\$45,000
Total	21			\$779,208

Contracting	Total	Total Savings	Total Percentage
Food Service/Housekeeping/Laundry	\$630,325	\$148,883	19.11%

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FN, CSSB 44, p.6/6

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Military & Veterans Affairs
 Title: Establishment of state veterans home BRU: Veterans Affairs
 Component: State Veterans Home
 Sponsor: Sen. Kertulla
 Requestor: Sen Finance COMPONENT SERIAL NO.

N	E	W	
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

This is an authorization bill only. The fiscal impact of implementing the construction and operation of a state veterans home will be shown in a separate appropriation bill with a fiscal note (SB 45).

Prepared By: Jeff Morrison, Director Phone: 465-4600
 Division: Administrative Support & Services Date: 27 March 91
 Approved by Commissioner: *J Morrison for* MG Hugh L. Cox III
 Agency: Military & Veterans Affairs Date: 27 March 91

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

BY SEN. ZHAROFF

LETTER OF INTENT FOR
CS SB 44 (FIN)

It is the intent of the legislature that passage of SB 44, "An Act relating to the establishment and operation of state veterans' home facilities; and providing for an effective date." should not preclude communities other than those in the Matanuska-Susitna Valley area from being considered as the site of the first state veterans' home in Alaska.

Senate adopted 5/10/91



THE BEST OF CARE

The Challenge of Providing Health Care to Alaskans

A Report of the
Governor's Interim Commission on Health Care

September
1988