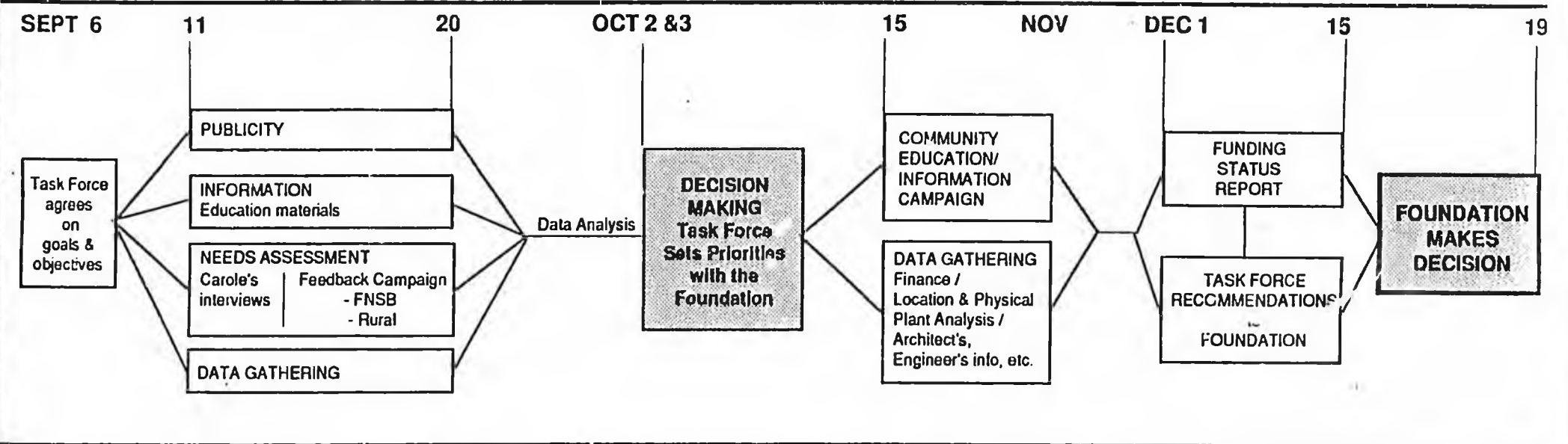


ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

7413 SENATE HEALTH EDUCATION & SOCIAL SERVICES

"The New Denali Center"
TASK FORCE BLUEPRINT
 The Greater Fairbanks Community Hospital Foundation, Inc.



JAN 1, 1991

JUNE 1991

C A M P A I G N →

FUND RAISING • COMMUNITY SUPPORT • PUBLICITY • FACILITY PLANNING & CONSTRUCTION OVERSIGHT

DENALI CENTER TASK FORCE MEMBERS

Walter Carlo - Co-Chair
Doyon LTD.
201 First Ave.
Fairbanks, AK 99701
456-3589 H
452-4755 W

Jeff Cook
Arco
122 1st Ave. / Suite 100
Fairbanks, AK 99701
451-0097

Gordon Depue
P.O. Box 70531
Fairbanks, AK 99701
488-6012 H
451-8850 W

Dottie Englund
North Star Council on Aging
1424 Moore St.
Fairbanks, AK 99701
452-1735

Andrea Gelvin
P.O. Box 83967
Fairbanks, AK 99708
479-2883

Andy Harrington
Alaska Legal Services
763 7th Ave.
Fairbanks, AK 99701
479-3990 H
452-5181 W

Jim Hayes
313 Droz Drive
Fairbanks, AK 99701
456-7698 H
452-1568 W

Jim Matthews
1072 McGrath
Fairbanks, AK 99712
457-3537

Ouida Paden
1135 Sunset Dr.
Fairbanks, AK 99701
474-0647

Karen Perdue
P. O. 73209
Fairbanks, AK 99707
479-0084

Karen Porter - Co-Chair
1561 Gillam Way
Fairbanks, AK 99701
456-6044 H
372-1690 W

Ann Swift
3181 Anella Ave.
Fairbanks, AK 99709
479-2524

Carol Switzer
Denali Center
1949 Gillam Way
Fairbanks, AK 99701
474-8825 H

Task Force Coordinator: Pat Walsh 452-2955

Hospital Administration: 451-3551

Denali Center Director: Mark Bertilrud 452-1921

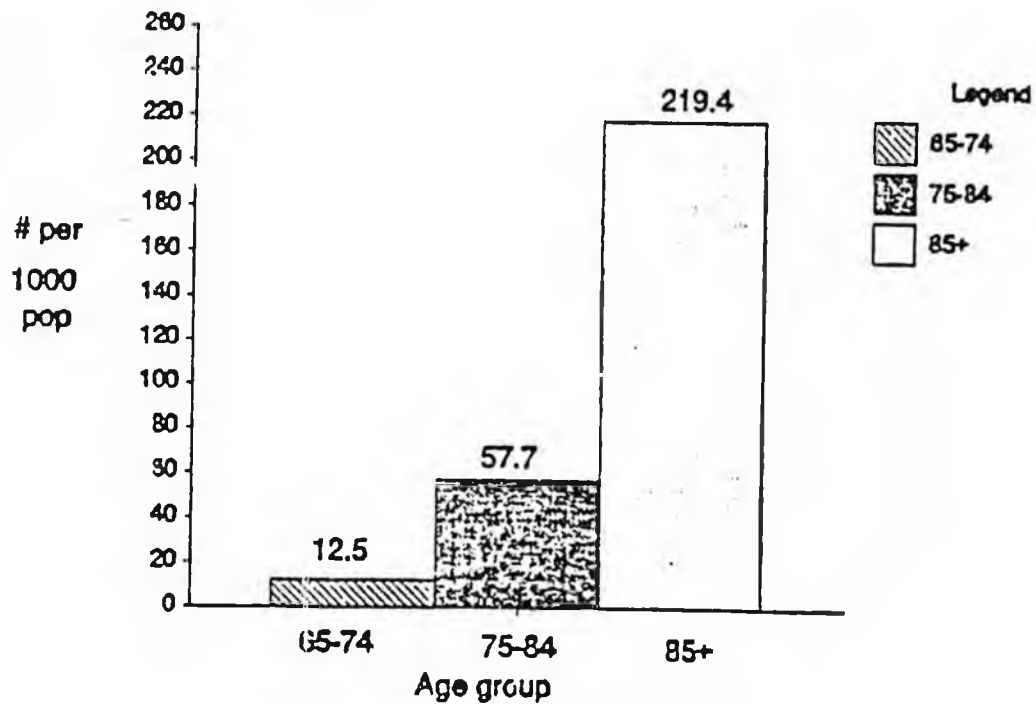
Hospital Foundation: June Thomas 457-4291

Trends to Watch...

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

National Nursing Home Use Rates

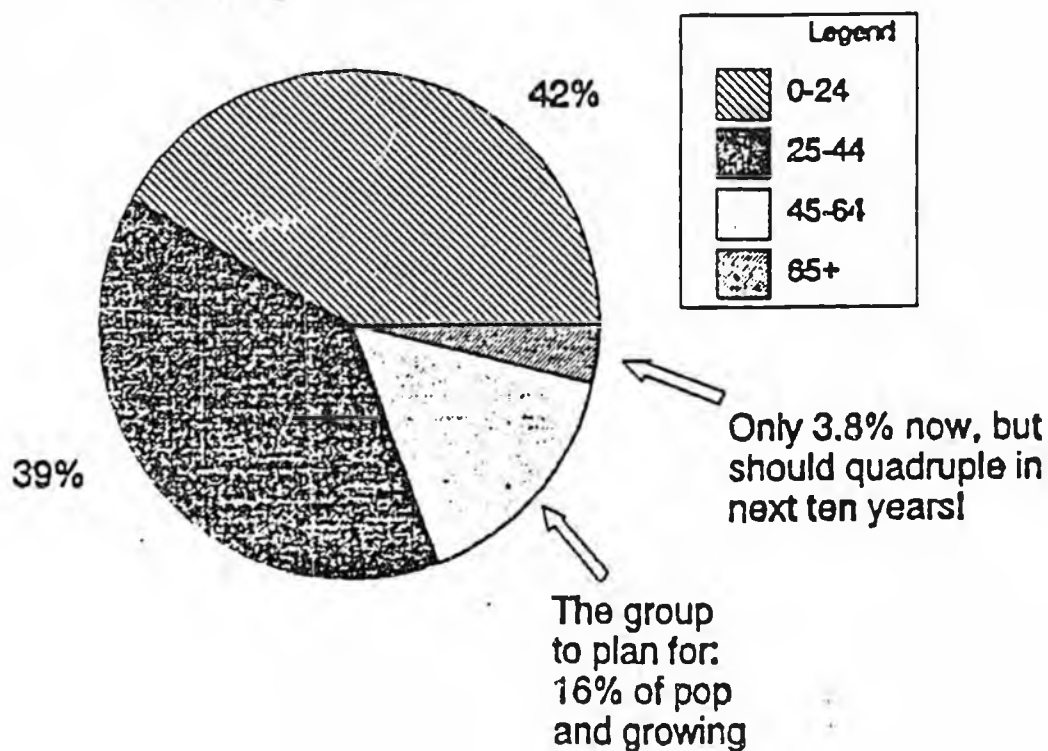
(per 1000)



Source: Rural Health Coalition

Fairbanks North Star Borough Population by Age Group

% by age group 1988





WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF ADMINISTRATION

DIVISION OF PIONEERS' BENEFITS

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

March 11, 1991

The Honorable Mark Boyer
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Boyer:

This letter is in response to your request to estimate the cost of replacing the Denali Center, a 90-bed, long-term care facility in Fairbanks. The bill you introduced has a fiscal note of \$11 million and I understand there are additional funds available from the community and/or the Community Hospital Foundation. It is also my understanding that the land will be donated.

I estimate that the construction of the facility will cost approximately \$15,365,000 and will have about 550-650 square feet per resident.

The estimate above is based on the cost for the Juneau Pioneers' Home, which was built in 1988. The cost of construction has increased by about 3% per year. The new Denali Center is also considering to be of service to the community for other than just skilled nursing care. Respite care, adult day care and treatment are also contemplated.

I realize that a facility could be built for much less as was done in the past, such as "Carriage North and South." It would not be of benefit to the residents of the interior to repeat such mistakes. For example, the Pioneers' Home was built years before the Carriage north building and still has the original wallpaper and floor. Therefore the calculations are based on a solid facility with a life expectancy of over 30 years as a long-term care facility.

The cost estimate was made with the following assumptions:

1. The cost per square foot is \$250, which includes other than construction costs such as planning, permits, audits, etc.
2. The site will not have major construction problems, such as permafrost.

3. The facility will be able to treat respirator dependent patients and emergency power generation will be immediate and have a back up. (Pioneers' Homes are not equipped to handle such cases.)
4. Facility will be able to provide outpatient rehab services and adult day care, both of which require extra office and treatment space.
5. Facility will continue to treat HIV or Hep. B, TB and other infectious diseases, many of which require single rooms, and an excellent ventilation system for infection control. (Most Pioneers' Homes are too old and have inadequate ventilation and physical layout to be able to successfully and safely treat patients with infectious diseases.)
6. The facility will be constructed with the cold climate in mind, including large handicapped accessible arctic entries for safe wheelchair entry, covered emergency vehicles such as the ambulances and wheel chair van for medical appointments, etc.
7. The construction cost will include electric plug-ins for staff, residents, and consulting health care professionals.
8. The facility will be built with a chapel, for spiritual privacy.
9. The facility will have a separate, well ventilated smoking room for residents.
10. Each resident room will be provided with a locking hutch for display of private belongings, and one area for safe storage of medications for those residents able to self-medicate.
11. All exterior exit doors will be provided with two separate alarm systems, one for after hours and one for 24-hour wanderer protection. (This type of alarm system must withstand the cold arctic entry temperatures.)
12. The Juneau Home cost about \$210 per square foot. At an inflation rate for construction at about 3% per year, it would cost in \$244 per square foot in 1993. Of course there are differences between the home and the new Denali Center. Out of the total 52 beds, 20 are residential and lack the support space such as clean and dirty utility rooms required for skilled nursing facilities. The kitchen in Juneau is built for a capacity of 100 beds and some mechanical room space is available for future addition to the Home.

March 11, 1991

13. The estimate for construction of the new Denali Center was derived as follows: 650 square feet per resident times the cost of \$250 equals \$14,625,000, and in addition the facility would need 4,000 square feet for ancillary activity such as adult day care, staff and education at a construction rate of \$185 per square foot, for an additional total of \$740,000.

The total cost estimate for the new Denali Center is \$15,365,000.

The Federal Nursing Home reform act of 1987 and 1990 places great emphasis on the self determination of the patient and the active participation by the resident in the care they wish to receive. The new Denali Center should be built with this future in mind, and not as a warehousing facility of the infirm.

I hope this explains my concerns about the inadequacy of the \$11,000,000 million to build a 90-bed facility in the arctic climate in Fairbanks.

Please contact me if you are in need of further information.

Sincerely,

Barbara Bathony

Barbara Bathony, Director
Division of Pioneers' Benefits

d\wp\misc\0311-01

cc: Roberley Waldron
Deputy Commissioner
Department of Administration

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

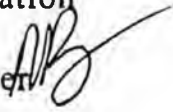
FAIRBANKS

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

JUNEAU

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

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

From: Representative Mark Boyer 

Date: February 19, 1991

Subject: Denali Center replacement

As you know, I have introduced legislation to appropriate funds to construct a replacement facility for the Denali Center nursing home in Fairbanks. The fiscal note on the bill is \$11 million. This is an estimated amount of state participation needed for the project based on information provided by the Denali Center Task Force.

I am requesting that the Division of Pioneers' Benefits assess the cost of replacing Denali Center using the division's expertise with regard to Pioneers' Home construction. I want to know if the fiscal note is in the ballpark of what is necessary to build a new facility. I will be happy to discuss this request in more detail with you or your representative. Thank you.

FAIRBANKS 20B

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

March 20, 1991

Senator Arlis Sturgulewski, Chair
Committee on Health, Education & Social Service
Alaska State Senate
Legislative Building
Juneau AK 99811

SB 210, Appropriation Denali Center

Dear Senator Sturgulewski:

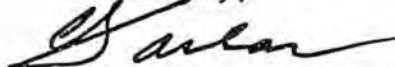
The Association would like to request a hearing date be scheduled for SB 210, appropriating construction funds for the Denali (long term care) Center in Fairbanks.

Denali is a major long term referral center in interior Alaska and in bad need of repair.

Our goal is to get SB 210 into Senate Finance where it can be considered along with SB 111, appropriating funds for Kodiak, Ketchikan and Seward.

Many thanks for your help and consideration.

Sincerely,



Harlan R. Knudson
President/CEO

S B

2 1 1

FISCAL NOTE

BILL NO. SB 211

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Health & Social Services
 Title: An Act Providing for Coverage of BRU: Medicaid
Advanced Nurse Practitioners... Component: Non-Facility
 Sponsor: Senator Collins
 Requestor: _____ COMPONENT SERIAL NO. 0 2 3 0

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	17.4	14.1	16.7	19.9	23.5	28.0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS CLAIMS	40.4	99.7	123.0	151.8	187.3	231.1
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	57.8	113.8	139.7	171.7	210.8	259.1

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	27.7	54.0	66.5	81.9	100.6	123.9
FEDERAL FUNDS	30.1	59.8	73.2	89.8	110.2	135.2
OTHER	0	0	0	0	0	0
TOTAL	57.8	113.8	139.7	171.7	210.8	259.1

POSITIONS:

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

Estimate of current year impact: _____

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

Prepared By: Andy [Signature] Phone: 465-3355

Division: Division of Medical Assistance Date: 4-18-91

Approved by Commissioner: [Signature]

Agency: Health and Social Services Date: 4-18-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impact Agencies

Fiscal Note Analysis

SB 211

- (1) We assume: full-time ANP works 40 hrs/week, 48 weeks/year, charges \$90/hour, and is likely to have a patient mix that is approximately 30% Medicaid-eligible. Medicaid pays ANPs 80% of the charges normally billed to the general public. Therefore, a full-time ANP is likely to bill Medicaid for \$41,472 per year ($1920 \text{ hours} \times \$90/\text{hr} = \$172,800 \times 30\% \times .80 = \$41,472$)
- (2) Part-time ANPs work, on average, 30% of full-time ANPs. $\$41,472 \times 30\% = \$12,442$ per year
- (3) 6 full-time and 6 part-time ANPs will enroll in Medicaid.

$$6 \times \$41,472 = \$248,832$$

$$6 \times 12,442 = 74,652$$

\$323,484

- (4) Of this theoretical maximum billing, we assume 75% will be for services which Medicaid recipients would have received from an array of other types of enrolled providers. Many of those providers would have billed Medicaid more for their services, so it is reasonable to posit some program savings will occur. However, we have no way to estimate how many recipients will leave each existing provider type (and payment level), so we cannot estimate the savings involved.
- (5) The remaining 25% will be new services, of two types: services which eligible persons now receive from ANPs (and for which ANPs probably receive little or no compensation) and services which eligibles now either defer or do without. From the latter category, the increased access to services patients would experience by adding ANPs as providers may result in services which are more timely or even preventive, thus producing a savings of later, more expensive Medicaid costs. However, again, those savings cannot be quantified.

FY92

- (a) A start date of January 1, 1992 is assumed, since time would be required to modify the Medicaid payment system and recruit, enroll, and train new providers. Benefits costs for FY92 would therefore be 40.4 ($323.5 \times .25 \times .5$)
Benefits are 50% federal (20.2), 50% state funds.

(b) A one-time FY92 cost is involved in modifying the payment system to accept this provider type. (A major portion of the cost of these changes are already budgeted for adding some ANPs under the OBRA '89 federal mandate.) Only 6 system edits will be required, at a cost of \$1080 per edit = \$6.5. (3.3 fed, 3.2 state)

(c) The systems contractor will travel to on-site-train new providers and provide them with service-specific manuals and materials, at a one time FY92 cost of 5.0 (2.5 fed, 2.5 state.)

(d) These providers are expected to generate 950 claims in FY92, (half-year) at a contracted processing cost of \$6.23 per claim. $950 \times \$6.23 = 5.9$. This cost is 70% federal (4.1), 30% state (1.8).

FY93 and following

(a) FY92 service costs are doubled for a full year of service, and this adjusted FY92 cost is increased by 23.4% (4.6% for price increases, 7.0% for increases in the number of eligible recipients, and 11.8% for utilization increases).

(b) Claims processing contractual costs are adjusted for a full FY92 year (1900 claims), then increased by 13.8% (7.0% for eligibles, 11.8% for utilization increases). The contract price per claim remains at \$6.23.

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

FISCAL NOTE

No. 2
 Bill Version: SB 211
 (S) Publish Date: 1/16/92

Revision Date: _____ Department Affected: Health & Social Services
 Title: An Act Providing for Coverage of Advanced BRU: Medicaid
Nurse Practitioners Component: Non-Facility
 Sponsor: Senator Collins
 Requestor: _____

COMPONENT SERIAL NO.	0	2	3	0
-----------------------------	---	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	17.4	14.1	16.7	19.9	23.5	28.0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	40.4	99.7	123.0	151.8	187.3	231.1
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	57.8	113.8	139.7	171.7	210.8	259.1
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUNDS	27.7	54.0	66.5	81.9	100.6	123.9
FEDERAL FUNDS	30.1	59.8	73.2	89.8	110.2	135.2
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	57.8	113.8	139.7	171.7	210.8	259.1

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.) See attached analysis	Changes in <u>CSSB 211 (Fin)</u> reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate. <u>1/15/92</u> date <u>ATP</u> Comte Aide (initial)
---	--

Prepared By: Kim Busch Phone: 465-3355
 Division: Division of Medical Assistance Date: 1-15-92
 Approved by Commissioner: [Signature]
 Agency: Health and Social Services Date: 1/15/92

Fiscal Note Analysis

SB 211

- (1) We assume: full-time ANP works 40 hrs/week, 48 weeks/year, charges \$90/hour, and is likely to have a patient mix that is approximately 30% Medicaid-eligible. Medicaid pays ANPs 80% of the charges normally billed to the general public. Therefore, a full-time ANP is likely to bill Medicaid for \$41,472 per year (1920 hours x \$90/hr = \$172,800 x 30% x .80 = \$41,472)
- (2) Part-time ANPs work, on average, 30% of full-time ANPs. \$41,472 x 30% = \$12,442 per year
- (3) 6 full-time and 6 part-time ANPs will enroll in Medicaid.

$$\begin{array}{r}
 6 \times \$41,472 = \$248,832 \\
 6 \times 12,442 = \quad 74,652 \\
 \hline
 \$323,484
 \end{array}$$

- (4) Of this theoretical maximum billing, we assume 75% will be for services which Medicaid recipients would have received from an array of other types of enrolled providers. Many of those providers would have billed Medicaid more for their services, so it is reasonable to posit some program savings will occur. However, we have no way to estimate how many recipients will leave each existing provider type (and payment level), so we cannot estimate the savings involved.
- (5) The remaining 25% will be new services, of two types: services which eligible persons now receive from ANPs (and for which ANPs probably receive little or no compensation) and services which eligibles now either defer or do without. From the latter category, the increased access to services patients would experience by adding ANPs as providers may result in services which are more timely or even preventive, thus producing a savings of later, more expensive Medicaid costs. However, again, those savings cannot be quantified.

FY 93

(a) A start date of January 1, 1993 is assumed, since time would be required to modify the Medicaid payment system and recruit, enroll, and train new providers. Benefits costs for FY 93 would therefore be 40.4 (323.5 x .25 x .5)

Benefits are 50% federal (20.2), 50% state funds.

(b) A one-time FY 93 cost is involved in modifying the payment system to accept this provider type. (A major portion of the cost of these changes are already budgeted for adding some ANPs under the OBRA '89 federal mandate.) Only 6 system edits will be required, at a cost of \$1080 per edit = \$6.5. (3.3 fed, 3.2 state)

(c) The systems contractor will travel to on-site-train new providers and provide them with service-specific manuals and materials, at a one time FY 93 cost of 5.0 (2.5 fed, 2.5 state.)

(d) These providers are expected to generate 950 claims in FY 93, (half-year) at a contracted processing cost of \$6.23 per claim. $950 \times \$6.23 = 5.9$. This cost is 70% federal (4.1), 30% state (1.8).

FY 94 and following

(a) FY 93 service costs are doubled for a full year of service, and this adjusted FY 93 cost is increased by 23.4% (4.6% for price increases, 7.0% for increases in the number of eligible recipients, and 11.8% for utilization increases).

(b) Claims processing contractual costs are adjusted for a full FY 93 year (1900 claims), then increased by 18.8% (7.0% for eligibles, 11.8% for utilization increases). The contract price per claim remains at \$6.23.



Official Business

Alaska State Legislature

Senate

SENATOR VIRGINIA COLLINS

Pouch V
State Capitol
Juneau, Alaska 99811

SPONSOR STATEMENT

Senate Bill 211

Senate Bill 211, "An Act providing for coverage of advanced nurse practitioner services under the Medicaid program; and reordering the priorities granted to optional services offered under the Medicaid program"

Currently Alaska allows only nurse midwives who practice independently to enroll as Medicaid providers. In the fall of 1991, family or pediatric advanced nurse practitioners who practice independently will be able to enroll.

Independently practicing advanced nurse practitioners who have a different designation of title, such as geriatric nurse practitioner or women's health care nurse practitioner, are not able to enroll as Medicaid providers under current State law.

This bill would allow all advanced nurse practitioners in independent practice to enroll. Regardless of speciality title, these nurse practitioners currently may perform the identical service for a patient. Yet only those who are in the nurse midwife, family, or pediatric practitioner category are, or in the fall would be, allowed to enroll as a Medicaid provider.

A memorandum from the Division of Legal Services questions the constitutionality of this under our state equal protection clause. (Memorandum attached)

Should funding become inadequate, there is a statutory mechanism for dealing with shortfalls. That mechanism appears in this bill and advanced nurse practitioners are added to the list.

In Alaska, where nursing shortages are ever-present, this bill would encourage nursing professionals rather than discriminate against certain speciality groups within the general category. At least 13 states currently permit direct payment for nurse practitioner services, including Oregon. This bill is supported by the Organization of Alaskan Nurse Practitioners.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

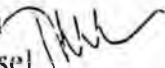
Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

February 19, 1991

SUBJECT: Constitutional Issues - Advanced Nurse Practitioners (7LS-0778)

TO: Senator Virginia Collins

FROM: Terri Lauterbach 
Legislative Counsel

You have asked whether it would be constitutional for the Alaska Medicaid program to cover directly only the services of pediatric and family nurse practitioners without covering directly the services of other advanced nurse practitioners.^{1/} You are concerned that there may be a violation of the equal protection clause of the state constitution.

In our opinion, offering direct reimbursement under Medicaid to only certain types of ANP's probably results in the kind of arbitrary classification prohibited under the state's equal protection clause. Since direct reimbursement of some types of ANP's is optional under federal law, however, the state Medicaid statutes would need to be amended to correct this constitutional deficiency.

The state's equal protection clause is found in art. I, sec. 1, Constitution of the State of Alaska, which provides that "...all persons are equal and entitled to equal rights, opportunities, and protection under the law...."

The Alaska Supreme Court has interpreted this clause to offer broader protection than the corresponding federal clause.^{2/} In so doing, our court has said that in order for a classification to be valid, it must be reasonable, not arbitrary, and must bear a fair and substantial relation to a legitimate governmental objective, and, depending on the importance of the individual's interest involved, a greater or lesser

^{1/} You have told me that some of the other types of advanced nurse practitioners are women's health, adult, neo-natal, school nurse, geriatric, and psychiatric.

^{2/} This is why the classifications may be valid under the federal constitution but not valid under the state constitution. However, I am not aware of any case upholding different treatment of these ANP classifications on the federal level either; they may turn out to also violate the federal constitution.

burden will be placed on the state to show this fair and substantial relationship.^{3/} Our courts have also said that the guarantee of equality of treatment prohibits a classification that denies to one group of persons the enjoyment of certain rights that are afforded to another group when, considering the purpose of the state program, there is no reasonable basis for not treating both groups the same.^{4/}

In the situation you have described to me, the services of two types of ANP's will be covered directly under the Medicaid program, as required under federal law, but the services of all other ANP's will not be covered directly, even though federal law would allow them to be and even though they may provide exactly the same type of service.^{5/}

Since services of all ANP's are covered when the ANP is associated with a physician or a hospital and federal law would only allow coverage of services performed within the scope of an ANP's certification, there does not appear to me to be any basis for saying that the services of other ANP's would be of an unacceptable quality.

You have also told me that, regardless of a particular ANP's certification, many of the services performed by one ANP are the same as those performed by ANP's with other types of certifications.

I also note that the Medicaid program covers all physician services, regardless of the fact that some physicians have specialties and some do not. In other words, the Medicaid program covers a given service performed within the scope of a physician's licensure and does not distinguish among family physicians, general physicians, pediatricians, gynecologists, etc., when they perform services that all are authorized to perform.

Furthermore, it appears that most of the other ANP specialties you told me about would be especially useful to the Medicaid population, which is primarily pregnant women, women with children, and elderly persons. It would seem that special training in women's health, adult, neo-natal, school nurse, and geriatric areas would be as useful to Medicaid recipients as special training in family and pediatric care.

Finally, I note that the state does not allow this type of discrimination among licensed providers to be practiced by insurance companies. See AS 21.36.090, which specifically lists advanced nurse practitioners among those whose services must be

^{3/} See, for instance, Wilson v. Municipality of Anchorage, 669 P.2d 569 (Alaska 1983).

^{4/} See, for instance, Leege v. Martin, 379 P.2d 447 (1963).

^{5/} "Direct" coverage means that the ANP does not have to be associated with a physician or other health care provider, like a hospital.

covered by insurance policies if the services are within the scope of their lawful authority. It would be rather inconsistent for the state to practice a type of discrimination that it prohibits private parties from practicing.

Given these facts, I am unable to conceive a constitutionally sound basis for the state to refuse to cover directly the services of all ANP's after it has started to cover directly the services of some ANP's. This seems to be exactly the kind of arbitrary classification prohibited under our state equal protection clause. It would deny to some ANP's the opportunity to be directly reimbursed for services that other ANP's are directly reimbursed for. It gives to some ANP's the opportunity to participate directly in the Medicaid program while denying that opportunity to other ANP's.

The insidiousness of this classification must be balanced against whatever legitimate governmental objective is served by the classification.

It is stated in AS 47.07.010 that the purpose of the Medicaid program is to provide "uniform and high quality medical care" to needy persons of the state. According to you, there is some evidence that ANP's provide the **only** medical care available in some rural communities and that many persons in these communities are eligible for Medicaid. The goal of providing Medicaid services to these people would not be served by a policy of covering only some types of ANP's when it may be another type of ANP that is in the community, providing the same basic services. Even when other health care providers are available, increased access to ANP's means increased access to health care delivery.

A second objective of the classification may be to save money by not covering services of some practitioners. While saving money is a legitimate goal, use of an arbitrary classification of providers is not well-tailored to that goal. There is already a statutory mechanism for dealing with shortfalls if the legislature fails to appropriate enough money for the Medicaid program. That mechanism is the priority listing of optional coverages in AS 47.07.035. The legislature has determined which **services** should be cut first when there is not enough money to cover everything. Therefore, there is no need to discriminate against **providers** of those services in order to save money.

In conclusion, there seems to me to be no legitimate basis for directly reimbursing some types of ANP's and not others, as long as they are delivering services that are within the scope of their practice.

However, because of the way the federal law is written, a change in Alaska's Medicaid law is required to achieve an equitable result. Under the federal law, direct reimbursement of some ANP's is **mandatory** and direct reimbursement of other

Senator Virginia Collins

February 19, 1991

Page 4

ANP's is **optional**. Under the Alaska statutory scheme, federally mandated provisions of Medicaid automatically become part of our program under AS 47.07.030(a). In order to add something that is optional under federal law, the state must amend AS 47.07.030(b).

Please let me know if you have questions about this memo or if I can be of other assistance.

TML:lmb/mai

91-054.lmb

Enclosure

APR 5 1991

Senate Bill 211

"An Act providing for coverage of advanced nurse practitioner services under the Medicaid program; and reordering the priorities granted to optional services offered under the Medicaid program."

This bill would amend AS 47.07.030 to allow Advanced Nurse Practitioners ("ANPs") to enroll as Medicaid providers, provide Medicaid-eligible recipients with those services which Medicaid covers and which are within the scope of their licensure, and directly receive Medicaid reimbursement. This bill also amends AS 47.07.035 to place this new provider group 17th in the list of optional services to be deleted in the event of a funding shortfall.

Currently, many Advanced Nurse Practitioners do receive Medicaid reimbursement, but only indirectly. For any ANP who is employed by a hospital, nursing home, physician's clinic, mental health or rural health clinic, or a physician, the enrolled provider for whom they work receives Medicaid reimbursement for their services.

However, ANPs except nurse midwives who practice independently cannot currently enroll as Medicaid providers.

This situation will change in the Fall of 1991, when Alaska will implement a provision of the Omnibus Reconciliation Act of 1989 which requires all states to grant Medicaid provider status to independently-practicing ANPs who specialize in family or pediatric medicine.

Industry sources indicate that, of 141 ANPs licensed to practice in Alaska, just 37 are either in full or part-time independent practice and are likely to choose to enroll. Of these 37, 24 are family specialists and one is a pediatric specialist. Whether or not SB 211 were to pass, these 25 will shortly be allowed to enroll in Medicaid if they choose to do so. (The department expects virtually all will enroll.)

We therefore believe that SB 211 would initially affect only the following ANPs:

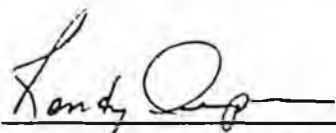
- (a) 4 Mental Health specialists (all part-time practitioners)
- (b) 5 Women's Health Care specialists (all full-time)
- (c) 1 School Nurse Practitioner specialist (part-time)
- (d) 2 Geriatric specialists (one full-time, one part-time)

Often, the opportunity to directly receive reimbursement from a major third-party payor can affect patterns of practice. The potential to directly receive Medicaid reimbursement might, over time, induce more ANPs to enter independent practice. This is a pattern that has occurred with other provider groups elsewhere. From conversations with many ANPs over the last two years, we have concluded that this is unlikely to occur in Alaska. The financial disadvantages, the loss of personal freedom, and the very strong traditional practice patterns of ANPs, argue against any significant growth in independent practice as a direct effect of Medicaid reimbursement.

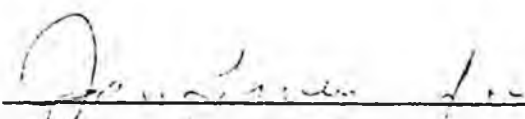
However, those ANPs who currently practice independently do seem to serve a higher percentage of low-income patients than is true of many other provider types. We suspect that ANPs who do enroll in Medicaid will serve a higher percentage of Medicaid recipients than do most physicians, for example.

For many years, the department has had ANPs as employees (both in administrative roles and in direct public health services positions), and has had extensive dealings with ANPs as part of the Medicaid program and as eligibles in health care. In our judgement ANPs have extremely rigorous licensure requirements, a strong tradition of service, and unquestionably high professional standards.

We would respectfully suggest that SB 211 be amended to adjust the 17th-position placement of ANPs within the "prioritization list" of AS 47.07.035. In terms of the numbers of providers, affected recipients, dollars, and relative degree of patient need, we feel that placement of this optional service first in services listed is more appropriate. (Please note that those services listed first are intended to be deleted first in a funding shortfall.)



For: Kimberly B. Busch, Acting Director
Division of Medical Assistance



Theodore A. Mala, MD, MPH
Commissioner
Dept. of Health & Social Services

FEB 25 1991

POSITION STATEMENT ON
THIRD PARTY REIMBURSEMENT FOR NURSE PRACTITIONERS
Prepared by P.E.E.R., the Organization
of Alaskan Nurse Practitioners
August, 1987

P.E.E.R.'s Position

P.E.E.R. strongly supports the policy of issuing direct third party payment as reimbursement for professional services rendered by all licensed Nurse Practitioners (NPs) in Alaska. The services offered by NPs are legally recognized by the State of Alaska in specific Nurse Practice Acts, and are equivalent, and in some cases, more holistic in approach, than services provided by physicians in primary care. Reimbursement for NP services would benefit the public by:

1. enabling NPs to establish independent practices and clinics by providing a mechanism to finance their businesses. Currently, most NPs are employed by physicians or other entities, in part because they CANNOT receive direct third party payment.
2. offering more freedom of choice to the public in their selection of competent health care providers.
3. potential reduction in health care costs through competition for provision of services.
4. potential expansion of health care services of NPs in the private sector in under-served areas.

The Significant Contribution of Nurse Practitioners in Alaska

Licensed NPs in Alaska are in sufficient numbers to deserve recognition as an important group of health care providers: as of July, 1987, 129 NPs were licensed and claimed residence in the state. Another 40 NPs are estimated to work in federal governmental agencies (such as Elmendorf Hospital or the Indian Health Service); they are not required to apply for state licenses in order to practice. This section describes only the licensed NPs.

Family nurse practitioners outnumber the other eight types of nurse practitioners in Alaska (Table 1). Nurse practitioners impact health care services in Alaska in a variety of work settings (Table 2). Only eleven are in independent practice; of those, six practice in rural settings. Independent practice became an option in December, 1984, with the passing of the new regulations that included placement of NPs under the sole jurisdiction of the Alaska Board of Nursing. Five of the independent practitioners are nurse midwives, who may collect fees from third party payers as stipulated in Alaska Statutes, Sec. 47.07.030--others may not, or do so with difficulty.

The majority of Alaskan NPs hold a Bachelor's or Master's

degree in nursing (86) in addition to their specialized nurse practitioner training, and certification through national certifying bodies (Table 3). In contrast to R.N. degree status for entry into NP training programs in the 1960s, the current national trend is for that training to take place in conjunction with Master's degree preparation, illustrated by the Family Nurse Practitioner program at the University of Alaska's College of Nursing and Health Sciences.

No studies have been conducted in Alaska to assess the quality of care provided by nurse practitioners, nor how their care might differ from that of a physician. Numerous studies in the lower 48, however, have shown that . . . "within their areas of competence, nurse practitioners provide care whose quality is equivalent to that of care provided by physicians", and that patients are generally satisfied with their care (US Congress, Office of Technology Assessment, 1986, pages 5-6). The American Academy of Nurse Practitioners provides a summary of the recent studies documenting the quality of services provided by NPs (addendum 1; also cites the OTA study mentioned above).

Alaskan NPs have demonstrated their willingness to work in under-served rural areas in Alaska: 51 of the currently employed 126 state-licensed NPs work in settings other than in Anchorage, Fairbanks, or Juneau. Their jobs entail multiple responsibilities and require high levels of expertise (see addendum 2 for an example of a rural practice).

The National Trends

Congress continues to consider a variety of proposals to mandate third party reimbursement for NPs. So far, federally mandated payments are limited to a few State Medicaid programs, Champus, and some programs in the Federal Employees Health Benefit Program (refer to Appendix B, US Congress, Office of Technology Assessment, 1986). At least 13 states currently permit direct payment for NP services, including Oregon, a state that also supports the independent practice of NPs.

Conclusion and Our Recommendations

We contend that without direct reimbursement to NPs in the State of Alaska, the practice settings of NPs are limited, which in turn, effectively limits competition among providers, patient choices of providers, and ultimately, adversely impacts upon health care costs. We therefore recommend that:

1. third party insurers voluntarily offer to provide direct reimbursement for NP services, and/or that
2. the state legislature amend the statutes to mandate such reimbursement to all licensed NPs, not just to nurse midwives as is now the case.

Thanks is extended to Gail McGill, Executive Director, Alaska Board of Nursing, for her assistance in obtaining the NP data.

S B

2 1 5

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 215

Revision Date: _____ Department Affected: Public Safety
 Title: Prison Population Management BRU: DPS Statewide Support
 Component: Contract Jails

Sponsor: Rules Committee
 Requestor: Senate HESS COMPONENT SERIAL NO.

	5	2	2
--	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
-----------------------------	------------	------------	------------	------------	------------	------------

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
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.)

No fiscal impact anticipated.

Prepared By: Gayle A. Horetski Phone: 465-4322
 Division: Office of the Commissioner Date: 1/16/92
 Approved by Commissioner: *Gayle A. Horetski* Richard L. Burton
 Agency: Department of Public Safety Date: 1/16/92

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. S.B. 215

Revision Date: January 9, 1992 Department Affected: Department of Corrections
 Title: "An Act relating to population management in the...correctional system." BRU: Statewide Operations
 Component: Various
 Sponsor: Senate Rules
 Requestor: Senate HESS COMPONENT SERIAL NO.

--	--	--	--

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
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.)

Passage of the bill may result in savings by delaying the necessity for prison construction.

Prepared By: Carl Nickel, Director *Carl Nickel* Phone: 465-3376
 Division: Administrative Services Date: 01-09-92
 Approved by Commissioner: Lloyd Hames, Commissioner *Lloyd Hames*
 Agency: Department of Corrections Date: 01-09-92

STATE OF ALASKA

DEPARTMENT OF LAW

CRIMINAL DIVISION

26 Apr 1991

WALTER J. HICKEL, GOVERNOR

REPLY TO:

CRIMINAL DIVISION CENTRAL OFFICE
P.O. BOX KC
JUNEAU, ALASKA 99811-0310
PHONE: (907) 465-3428

OFFICE OF SPECIAL PROSECUTIONS
AND APPEALS
1031 WEST 4TH AVENUE, SUITE 318
ANCHORAGE, ALASKA 99501-5993
PHONE: (907) 279-7424

March 29, 1991

The Honorable Arliss Sturgulewski
Chairperson
Health, Education, & Social Services Committee
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Re: SB 215 (An act relating to population management in the state
correctional system)

Dear Senator Sturgulewski,

I am writing to you in my role as counsel to the Alaska Department of Corrections on behalf of the Administration regarding SB 215. This bill, which deals with a proposed short-term solution to prison crowding in Alaska, has been referred to the Senate HESS Committee for a hearing.

On behalf of the Administration, I respectfully request that you set the bill on for a hearing before your committee. To assist you and the members of your committee in better understanding SB 215, I have prepared and enclosed a sectional analysis of the bill as well as a flow chart which displays how the provisions of the bill will be implemented. While the concept of SB 215 is relatively simple, the mechanics of the bill are a bit complicated; thus I look forward to testifying before the committee to explain its provisions.

In addition, I have enclosed a proposed amendment to SB 215 which the Administration respectfully requests that you consider at the time that SB 215 is calendared for a hearing. The proposed amendment is self-explanatory, and is addressed in the sectional analysis.

The Honorable Arliss Sturgulewski

March 29, 1991
Page 2

Thank you for your anticipated response to this request to calendar SB 215 for a hearing.

Very truly yours,

CHARLES E. COLE
ATTORNEY GENERAL

By: Michael J. Stark
Michael J. Stark
Assistant Attorney General

Enclosures

cc: Commissioner Lloyd Hames (w/enclosures)
Commissioner Richard Burton (w/enclosures)
Malcolm Roberts (w/enclosures)
Bruce Kendall (w/enclosures)
Jeff Bush (w/enclosures)
Alaska Sentencing Commission (w/enclosures)

MJS:ew-048

SECTIONAL ANALYSIS FOR AN ACT
RELATING TO POPULATION
MANAGEMENT IN THE STATE
CORRECTIONAL SYSTEM (SB 215)

Introduction

This Act is a recognition of the universal view of corrections experts that a correctional system cannot adequately function when every prison bed is full. When all areas of correctional facilities designed for housing prisoners are full, violence is much more likely to occur, and correctional administrators have no flexibility to respond to the ever-changing demands of a growing prison population. Rehabilitative resources are stretched too thin to effectively fulfill their purpose of reforming offenders; and the public safety is thus adversely affected upon the release of prisoners from a crowded correctional system.

Because the prison population in Alaska is continuing to increase, this Act represents an effort to provide short term assistance in managing the prison population during overcrowding emergencies while more long term solutions to prison crowding can be explored by the legislative and executive branches of government. Recommendations that will address this problem in a more comprehensive way are anticipated to come from the Alaska Sentencing Commission over the next few years.

Under this Act, when the prison population in the correctional system exceeds its maximum capacity for an extended period, the Commission must notify the governor and parole board,

and certain offenders not otherwise eligible for parole become eligible after serving at least half their sentences. If the parole board, after careful scrutiny, deems such a prisoner a safe risk to the public, then he or she may be released on discretionary parole subject to supervision by a parole officer and conditions set by the board.

If the correctional system has not been provided adequate relief such that the prison population has dropped below its maximum capacity within 120 days of the notification to the governor, then certain low risk offenders within 120 days of their release date would be released early into supervised probation or parole.

This two step proposal is similar to ones utilized in a number of states with prison crowding problems. Following is a brief analysis of each section of the bill.

Section 1. Legislative Findings And Purpose.

This section is a statement of the purpose of the bill: to manage the population in state correctional facilities so as to better enable state correctional officials to achieve the dual constitutional goals of reformation of the offender and protection of the public. See, Alaska Constitution, Art. I, § 12.

Those offenders affected by this Act are deemed to present a lesser risk to the public than those whose release are not affected.

Section 2. AS 12.55.125(q).

This section cross references the provisions which provide the authority for special discretionary parole and early release of eligible prisoners when crowding conditions persist.

Section 3 & 4. AS 33.16.090(b); AS 33.16.090(c).

These sections cross reference the provision which provides that after prolonged prison crowding conditions, a limited exception may be made to the general rule that presumptively sentenced prisoners are not eligible for parole.

Section 5. AS 33.16.100(c).

This section does the same thing as sections 3 and 4; and, in addition, makes two technical amendments to better clarify existing law.

Section 6. AS 33.25.010 -- 33.25.090, Prison Population Management Act.

This section adds a new chapter to Title 33 in Alaska's statutes. The sections in this chapter provide the statutory scheme to help manage Alaska's prison population when overcrowding conditions persist. A brief analysis of each section and its intent follows:

CHAPTER 25. PRISON POPULATION MANAGEMENT ACT

Section 33.25.010. Capacity of Correctional System.

This section requires the commissioner of corrections to adopt regulations under the Administrative Procedure Act (AS 44.62) specifying the maximum capacity of each state correctional facility and of the correctional system. The term "maximum capacity" is defined in proposed AS 33.25.910(5) as the maximum number of prisoners that can be accommodated in areas of a correctional facility designed for the general housing of prisoners. This excludes temporary holding areas. The commissioner will utilize generally accepted principles of correctional management in setting the maximum capacities including such factors as square footage in common and living areas, time out of living units, inmate/staff ratios, physical plant limitations, custody levels of inmates, and program resources. These factors are set out in the Final Settlement Agreement and Order in Cleary v. Smith, 3AN-81-5274 Civ.

Section 33.25.020. Duties of the Commissioner.

This section sets out the duties of the commissioner so as to implement the provisions of this chapter. If the average daily prisoner population exceeds the maximum capacity of the system for a 30-day period, the commissioner is required to notify the governor and parole board; prepare a list of prisoners who would be eligible for special discretionary parole under AS 33.25.030; and explore alternatives for reducing prison

crowding, including increasing the maximum capacity, with executive and legislative branch leaders.

Under subsection (b), if the population continues to exceed the maximum capacity, the prisoners on the list become eligible for special discretionary parole, and the commissioner must notify the prisoners of their eligibility.

Under subsection (c), if the provisions regarding special discretionary parole are implemented, and the prison population nonetheless continues to exceed maximum capacity, the commissioner shall again notify the governor and parole board and immediately prepare a list of prisoners eligible for early release under AS 33.25.070.

If the early release of prisoners into supervised probation or parole under AS 33.25.050 does not reduce the prison population below maximum capacity, then the commissioner is obliged to again perform the duties relating to special discretionary parole consideration.

Finally, subsection (d) provides that this statutory population management tool (i.e., special discretionary parole consideration and early release) may not be utilized and the relevant time periods begin to run anew if the prison population falls below maximum capacity during certain relevant time periods.

Section 33.25.030. Special Discretionary Parole Eligibility.

This section sets out actual periods of eligibility and eligibility requirements for special discretionary parole for

classes of prisoners set out in AS 33.25.040.

Subsection (b) recognizes the due process right of a prisoner to retain his or her parole eligibility once it is achieved, even if the prison population falls below maximum capacity. Subsection (c) provides that, notwithstanding other provisions, no prisoner will become eligible for special discretionary parole if, at the time prisoners would otherwise become eligible, the commissioner determines that the maximum capacity of the prison system will be increased within the next 45 days such that it will exceed the prison population.

Section 33.25.040. Classes of Prisoners Eligible for Special Discretionary Parole.

A state prisoner who has not previously been revoked after being released on special discretionary parole or early release under this chapter is eligible for special discretionary parole when prison crowding conditions warrant, if the prisoner is serving a sentence of at least 181 days (minimum eligibility for parole under AS 33.16.090(a)) for a crime other than an unclassified or A Felony under AS 11, an equivalent offense under Alaska's former criminal code, or certain serious class B felonies (any B felony against a person under AS 11.41, arson in the second degree, criminal mischief in the first degree, and attempt or solicitation to commit a class A felony offense); and the prisoner is not otherwise eligible for parole due to the service of a presumptive sentence.

The critical element in this section which serves to

protect the public, in addition to excluding the most serious felons, is that a prisoner eligible for special discretionary parole may not be released on parole unless the parole board determines, with reasonable probability, that the prisoner will not violate the law or otherwise pose a threat to the public. AS 33.16.100(a). This provision along with AS 33.25.030 provides the opportunity, after prison crowding conditions persist, for certain less serious felons who have served one half of their sentences and who are not otherwise eligible for parole, and who have demonstrated a strong commitment toward rehabilitation, to be considered for discretionary parole.

Section 33.25.050 Early Release And Probation or Parole Supervision.

Subsection (a) requires the commissioner to release early each prisoner eligible under AS 33.25.070 into supervised probation or parole if crowding conditions still exist 120 days after eligible prisoners have been considered for special discretionary parole. A prisoner may not be released early until he or she agrees in writing to follow the conditions of behavior required while on supervision.

Subsection (b) dictates whether a person released early is to be under parole or probation supervision. Each prisoner released early will be under either parole or probation supervision except for a prisoner who has less than 10 days remaining to serve on a sentence at the time of early release, and who is not subject to probation or parole after the term of incarceration. Such a

prisoner requires no supervision upon release.

Subsection (c) makes clear that the prohibition in AS 12.55.090(c) against probation lasting more than five years does not apply to a prisoner released early under (a) of this section.

Section AS 33.25.060. Violation of Conditions of Early Release.

This section provides authority for a court to revoke the probation resulting from early release and the probation following early release, if a prisoner on early release violates a law or condition of probation. The same authority is provided to the parole board for a prisoner on parole resulting from early release.

Section 33.25.070. Prisoners Eligible for Early Release.

This section lists seven requirements that must be met for a prisoner to be released early under AS 33.25.050. As in AS 33.25.040 (eligibility for special discretionary parole), the most serious offenders are not eligible for early release. The seven requirements are self-explanatory and are aimed at releasing early only those prisoners who have served at least one-half of their period of confinement, are least likely to endanger the public and who are very close to the end of their sentences.

Section 33.25.080. Limitation on Civil Action.

This section prohibits anyone from bringing a civil action against the state or a state employee for failure to comply with any of the time limits established in this chapter. If this

Act is adopted, it is possible that time pressures caused by prison crowding and an effort to safeguard the public while complying with the provisions in this chapter may result in missing certain time frames. No liability will flow from such an occurrence.

Section 33.25.900. Definitions.

This section defines the terms in AS 33.25.

Section 7.

With the Administration's proposed amendment, this section provides for this chapter to be repealed in four years. This sunset provision is a recognition that the relief provided to prison crowding by this chapter is a short-term emergency measure that should no longer be needed after the comprehensive recommendations of the Alaska Sentencing Commission (AS 44.19.561 - - 44.19.577) are presented to the legislature, and long-term solutions to prison crowding are implemented.

Section 8. Immediate Effective Date.

This section provides for an immediate effective date for this Act.

Proposed Amendment To SB 215

*Amendment requested
by a donor*

Page 7 line 11: Move the effective date clause to new section 8 on
line 12, and replace with the following: "AS
33.25 is repealed July 1, 1995." ✓

Amendment

Proposed Amendment to SB 215

Page 1 line 10: Add the following language to this line: The legislature views the provisions of AS 33.25 as establishing an extraordinary remedy to reduce prison crowding. Accordingly, it is expected that the commissioner of corrections will exhaust all available options for reducing prison crowding so as to minimize the necessity of utilizing this remedy.

maximum capacity and
CR

Proposed Amendments to SB 215

*att
admitted by
House HRS.*

Page 5 line 4: Insert the following language between the words "section" and "shall": is subject to the provisions in (c) of this section and

Page 5 line 20: Replace the language in (c) with the following language and renumber existing subsection (c) as (e): Notwithstanding (b) of this section, a prisoner released early under (a) of this section, who has 30 days or longer remaining to serve at the time of early release, shall be required, as a condition of probation or parole, to reside at a community residential center and follow the rules of the center during the period of supervision resulting from early release. If there is insufficient space at community residential centers to accommodate the number of prisoners released early under (a) of this section, the commissioner shall determine which prisoners shall reside at a center and which prisoners may be permitted to reside outside a center. In making this determination, the commissioner shall consider such factors as the time remaining to be served on each prisoner's sentence, protection of the public, and the proximity of community residential centers to the correctional facilities from which prisoners will be released.

Page 6 line 29: Insert the following definition on this line and renumber the remaining definitions as (4) through (9): "community residential center" means a residential facility with varying levels of supervision and services, made available to the department of corrections by contract, designed to facilitate the reintegration of prisoners back into society;

*Emergency overcrowding
Required by Clearing
Passage - Preclude it from going orders. Keep
it system out leave leg + admin to
manage system.*

SENATE BILL NO. 215

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/20/91
Referred: HES and Judiciary

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to population management in the state correctional system; and providing
2 for an effective date."

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

4 * **Section 1. LEGISLATIVE FINDINGS AND PURPOSE.** The purpose of this Act is to manage the
5 population in state correctional facilities so as to better enable state correctional officials to achieve the
6 dual constitutional goals of protection of the public and reformation of the offender. The classes of
7 prisoners eligible for parole or early release under this Act are considered by the legislature to present
8 a lesser risk to the public safety than those classes whose release is unaffected. The legislature finds
9 that the purposes of this Act can be best accomplished by differentiating between these classes of
10 prisoners.

11 * **Sec. 2.** AS 12.55.125(g) is amended to read:

12 (g) If a defendant is sentenced under (c), (d)[(1), (d)(2)], (e)[(1), (e)(2)], or (i) of this
13 section, except to the extent permitted under AS 12.55.155 - 12.55.175, AS 33.25.030, and
14 AS 33.25.050:

- 1 (1) imprisonment may not be suspended under AS 12.55.080;
- 2 (2) imposition of sentence may not be suspended under AS 12.55.085;
- 3 (3) terms of imprisonment may not be otherwise reduced.

4 * Sec. 3. AS 33.16.090(b) is amended to read:

5 (b) Except as provided in AS 33.25.030, a [A] prisoner is not eligible for discretionary
6 parole during the term of a presumptive sentence; however, a prisoner is eligible for discretionary
7 parole during a term of sentence enhancement imposed under AS 12.55.155(a) or during the term
8 of a consecutive or partially consecutive presumptive sentence imposed under AS 12.55.025(e)
9 or (g).

10 * Sec. 4. AS 33.16.090(c) is amended to read:

11 (c) Except as provided in AS 33.25.030, a [A] prisoner eligible for discretionary parole
12 during a period of sentence enhancement imposed under AS 12.55.155(a) or during a consecutive
13 or partially consecutive presumptive sentence imposed under AS 12.55.025(e) or (g) shall serve
14 the unenhanced portion of the sentence or the initial presumptive sentence before being otherwise
15 eligible for discretionary parole under AS 33.16.100(c) or (d). For purposes of this subsection,
16 the sentence for the most serious offense in the case of consecutive or partially consecutive
17 presumptive sentences shall be considered the initial presumptive sentence. The unenhanced
18 sentence or the initial presumptive sentence is considered served for purposes of discretionary
19 parole on the date the unenhanced or initial presumptive sentence is due to expire less good time
20 earned under AS 33.20.010.

21 * Sec. 5. AS 33.16.100(c) is amended to read:

22 (c) Except as provided in (d) of this section and AS 33.25.030, a prisoner may not be
23 released on discretionary parole until the prisoner has served at least one-fourth of the period of
24 confinement imposed, one-fourth of an enhanced or consecutive or partially consecutive period
25 of confinement imposed under AS 12.55.155(a) or AS 12.55.025, or any minimum term set under
26 AS 12.55.115 at sentencing, whichever is greater.

27 * Sec. 6. AS 33 is amended by adding a new chapter to read:

28 CHAPTER 25. PRISON POPULATION MANAGEMENT ACT.

29 Sec. 33.25.010. CAPACITY OF CORRECTIONAL SYSTEM. The commissioner shall
30 specify, by regulations adopted under the Administrative Procedure Act (AS 44.62), the
31 maximum capacity of each state correctional facility and the maximum capacity of the correct-

1 ional system.

2 Sec. 33.25.020. DUTIES OF THE COMMISSIONER. (a) If the average daily prisoner
3 population exceeds the maximum capacity of the system for a 30-day period, the commissioner
4 shall,

5 (1) on the next working day, notify the governor and the board of parole;

6 (2) within 15 days, prepare a list of prisoners who would be eligible under
7 AS 33.25.030 for special discretionary parole consideration; and

8 (3) with representatives from the executive and legislative branches, explore
9 alternatives for reducing the prison population, or increasing the maximum capacity of the
10 system.

11 (b) The commissioner shall notify prisoners of their eligibility under AS 33.25.030 for
12 special discretionary parole.

13 (c) If the provisions in AS 33.25.030(a) are implemented but the average daily prisoner
14 population exceeds the maximum capacity of the system for the 30-day period ending 120 days
15 after the commissioner's notification of the governor under (a)(1) of this section, the
16 commissioner shall again notify the governor and board of parole and immediately prepare a list
17 of prisoners eligible under AS 33.25.070 for early release. If prisoners are released early under
18 AS 33.25.050(a) but the average daily prisoner population exceeds the maximum capacity of the
19 system for the 15-day period ending 30 days after the commissioner's notification of the governor
20 under this subsection, the commissioner shall again perform the duties set out in (a)(1) - (3) of
21 this section.

22 (d) A subsequent 30-day period that might require notification of the governor under (a)
23 of this section begins to run

24 (1) 15 days after a determination is made by the commissioner under
25 AS 33.25.030(c) or AS 33.25.050(d); or

26 (2) the day after the prison population falls below the maximum capacity of the
27 system for either of the time periods in (c) of this section.

28 Sec. 33.25.030. SPECIAL DISCRETIONARY PAROLE ELIGIBILITY. (a) If the
29 average daily prisoner population exceeds the maximum capacity of the system for the 15-day
30 period following the commissioner's notification to the governor under AS 33.25.020(a)(1), a
31 prisoner who is in, or within the next 105 days falls into, the class of prisoners eligible under

1 AS 33.25.040 for special discretionary parole is eligible for special discretionary parole if, by the
2 end of the 105-day period, the prisoner will have served the greater of

3 (1) one-half of the unenhanced portion of the presumptive sentence for the most
4 serious offense for which the prisoner is sentenced, plus the period of time equal to one-quarter
5 of an enhanced, consecutive, or partially consecutive sentence;

6 (2) any minimum term required by law; or

7 (3) any minimum term set by the court under AS 12.55.115.

8 (b) Unless special discretionary parole under this chapter is revoked, a prisoner who
9 becomes eligible for parole under (a) of this section remains eligible despite decreases in the
10 prison population or increases in the maximum capacity of the system.

11 (c) Notwithstanding (a) of this section, no prisoner becomes eligible for special
12 discretionary parole if, at the end of the 15-day period described in AS 33.25.020(a)(2), the com-
13 missioner has determined that the maximum capacity of the system will be increased, or
14 additional space will become available by contract, so that the average daily prisoner population
15 will be less than the maximum capacity of the system within 45 days.

16 Sec. 33.25.040. CLASS OF PRISONERS ELIGIBLE FOR SPECIAL DISCRETIONARY
17 PAROLE. A state prisoner whose special discretionary parole or early release under this chapter
18 has not previously been revoked, and who is serving a sentence of at least 181 days for a crime
19 other than one of the following, is in the class of prisoners eligible for special discretionary
20 parole under AS 33.25.030(a):

21 (1) an unclassified or class A felony under AS 11;

22 (2) a felony against a person under former AS 11.15, arson under former
23 AS 11.20.010 or AS 11.20.020, or a felony attempt to commit one of these offenses;

24 (3) a class B felony:

25 (A) against a person under AS 11.41;

26 (B) arson under AS 11.46.410;

27 (C) criminal mischief under AS 11.46.480; or

28 (D) attempt or solicitation to commit an offense under AS 11.31.100 or

29 AS 11.31.110.

30 Sec. 33.25.050. EARLY RELEASE AND PROBATION OR PAROLE SUPERVISION.

31 (a) Except as provided in (d) of this section, within five working days after notifying the

1 governor under AS 33.25.020(c), the commissioner shall release each prisoner eligible under
2 AS 33.25.070 after the prisoner agrees in writing to abide by the conditions of supervision set
3 out in (b) of this section.

4 (b) A prisoner released early under (a) of this section shall be placed on supervised
5 probation or parole as follows:

6 (1) if the prisoner's sentence provides for probation to follow incarceration, the
7 prisoner is on probation during the period of supervision resulting from early release, subject to
8 the same conditions of probation ordered by the court and, if the prisoner is serving a sentence
9 for a felony offense, subject to the reasonable conditions set by the prisoner's probation officer;

10 (2) if the prisoner is scheduled to be released on parole during the period of early
11 release or after the term of incarceration, the prisoner is on parole during the period of
12 supervision resulting from early release, subject to the same conditions of parole imposed by the
13 board of parole; or

14 (3) if the prisoner is not subject to probation or parole after the term of
15 incarceration, and the prisoner has more than 10 days remaining to serve on the sentence at the
16 time of early release, the prisoner is on parole during the period of supervision resulting from
17 early release, subject to conditions imposed by the board of parole; if the prisoner has 10 days
18 or less remaining to serve on the sentence at the time of early release, the prisoner is
19 unconditionally discharged.

20 (c) AS 12.55.090(c) does not apply to a prisoner being released early under (a) of this
21 section.

22 (d) No prisoner may be released early if, during the five-working-day period following
23 the commissioner's notification of the governor under AS 33.25.020(c), the commissioner
24 determines that the maximum capacity of the system will be increased, or additional space will
25 become available by contract, so that the average daily prisoner population will be less than the
26 maximum capacity of the system within 45 days.

27 Sec. 33.25.060. VIOLATION OF CONDITIONS OF EARLY RELEASE. (a) The court
28 may revoke the probation resulting from early release under AS 33.25.050 and the probation
29 following early release, for violation of a state or federal law or municipal ordinance for which
30 violation is punishable by imprisonment, or for violation of a condition of probation imposed by
31 the court or the prisoner's probation officer.

1 (b) The board of parole may revoke the parole resulting from early release under
2 AS 33.25.620 and the parole following early release, for violation of a state or federal law or
3 municipal ordinance that is punishable by imprisonment, or for violation of a condition imposed
4 by the board of parole.

5 Sec. 33.25.070. PRISONERS ELIGIBLE FOR EARLY RELEASE. A state prisoner is
6 eligible for early release under AS 33.25.050 if the prisoner

7 (1) is serving a sentence for an offense other than one listed in AS 33.25.040(1) -
8 (3);

9 (2) has not had his or her special discretionary parole or early release under this
10 chapter revoked previously;

11 (3) at the end of the five-working-day period described in AS 33.25.050(a)

12 (A) will have no more than 120 days remaining to serve; and

13 (B) will have served at least one-half of the period of confinement;

14 (4) has no outstanding detainers; and

15 (5) in the preceding six months, has not been convicted of a disciplinary infraction
16 for which good time may be forfeited; a prisoner charged with such a disciplinary infraction is
17 not eligible for early release until the prisoner is found not guilty of the infraction.

18 Sec. 33.25.080. LIMITATION ON CIVIL ACTION. No person may commence a civil
19 action against the state or any employee of the state for failure to comply with the time limits
20 established in this chapter.

21 Sec. 33.25.900. REGULATIONS. The commissioner may adopt regulations necessary
22 to carry out the provisions of this chapter.

23 Sec. 33.25.910. DEFINITIONS. In AS 33.25.010 - 33.25.910, unless the context requires
24 otherwise,

25 (1) "average daily prisoner population" means the total of the daily morning
26 prisoner counts at each state correctional facility divided by the number of days in the period
27 under observation;

28 (2) "commissioner" means the commissioner of the Department of Corrections;

29 (3) "detainer" means a written request from another jurisdiction seeking
30 notification of a prisoner's pending release in order to facilitate securing the prisoner's presence
31 in that jurisdiction to answer to criminal charges or satisfy a sentence;

1 (4) "felony" has the meaning given in AS 11.81.900(b);

2 (5) "maximum capacity" means the maximum number of prisoners, as determined
3 by the commissioner under AS 33.25.010, that can be accommodated in areas of a correctional
4 facility designed for the housing of prisoners, excluding segregation and other temporary holding
5 areas;

6 (6) "maximum capacity of the system" means the sum of the maximum capacities
7 for all state correctional facilities;

8 (7) "misdemeanor" has the meaning given in AS 11.81.900(b); and

9 (8) "state correctional facility" means a correctional facility owned or operated
10 by the state which holds persons charged with or convicted of violations of law.

11 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA

DEPARTMENT OF LAW

CRIMINAL DIVISION

WALTER J. HICKEL, GOVERNOR

REPLY TO

CRIMINAL DIVISION CENTRAL OFFICE
P.O. BOX KC
JUNEAU, ALASKA 99811-0310
PHONE: (907) 465-3428

OFFICE OF SPECIAL PROSECUTIONS
AND APPEALS
1031 WEST 4TH AVENUE, SUITE 318
ANCHORAGE, ALASKA 99501-5993
PHONE: (907) 279-7424

February 5, 1992

The Honorable Arliss Sturgulewski
Chairperson
Health, Education, & Social Services Committee
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Re: SB 215 (An act relating to population management in the state
correctional system)

Dear Senator Sturgulewski,

On behalf of the Administration I appreciate the brief opportunity you gave me to discuss SB 215 this morning. Enclosed for your information is an updated flow chart which displays how the provisions of the bill will be implemented. The enclosed version of the flow chart corrects a couple of minor errors that were on the original, which should be discarded.

In addition I have enclosed a copy of the January 1992 inmate count sheet for the Department of Corrections, which I hope will help make clear the need for SB 215. While it is true that the prison population in Alaska has leveled off in the last year or so, the January count sheet shows that many of Alaska's correctional facilities operate in excess of their emergency capacities (shaded areas); while others frequently operate in excess of their maximum capacities.

The last time your committee addressed SB 215, it was my understanding that when the bill was taken up again, a working draft of a committee substitute (which incorporated the amendments adopted by the House HESS committee in CSHB 224 (HESS)) would be available. I look forward to appearing before the committee at your convenience, although I will be traveling from Friday February 14th through Wednesday January 19th.

The Honorable Arliss Sturgulewski

February 5, 1992
Page 2

Again, thank you for your courtesy.

Very truly yours,

CHARLES E. COLE
ATTORNEY GENERAL

By: Michael J. Stark
Michael J. Stark
Assistant Attorney General

Enclosures

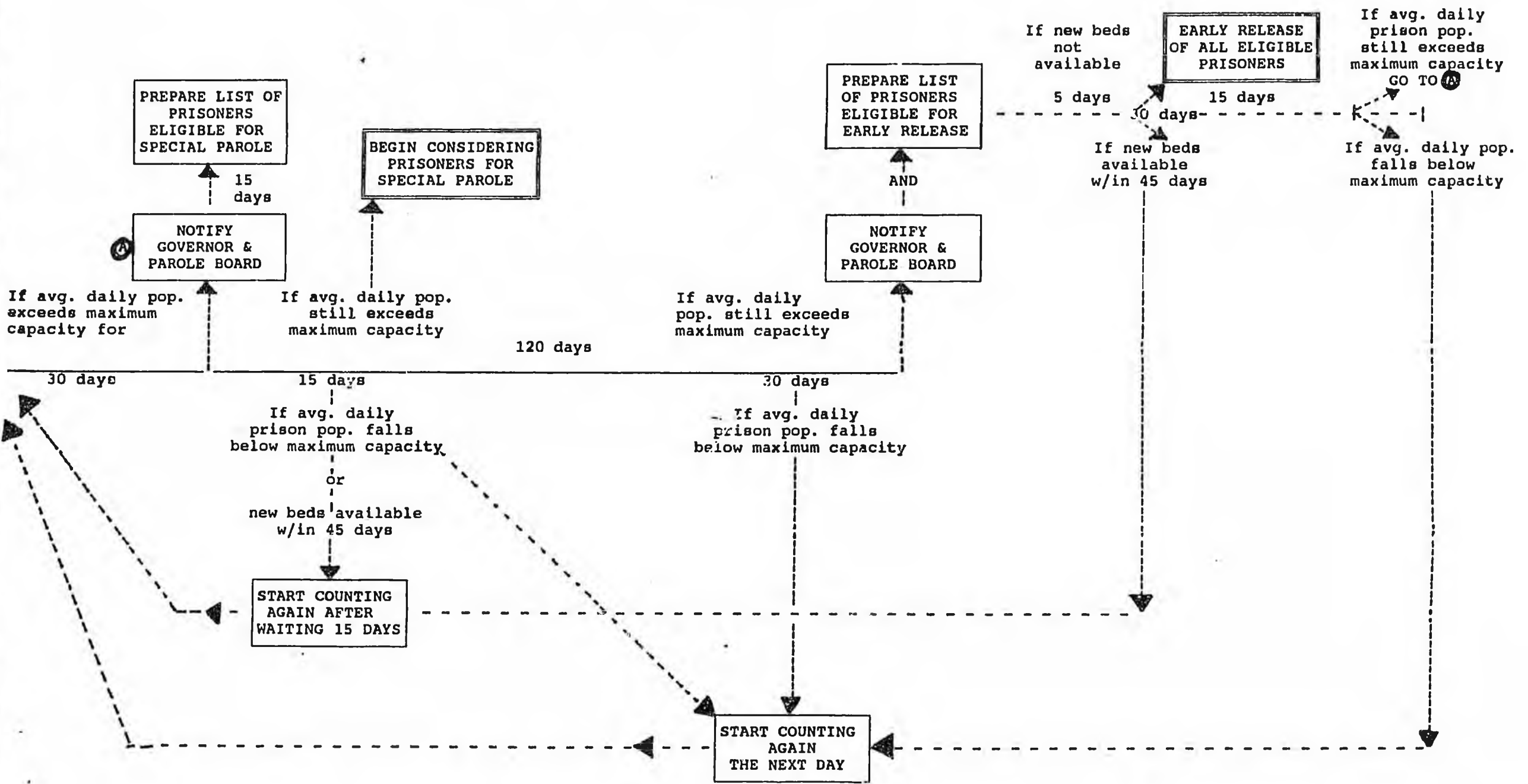
cc: Paul Fuhs (w/enclosures)
Deborah Behr (w/enclosures)
Diane Schenker (w/enclosures)
J. Frank Prewitt (w/enclosures)

Instate Inmate Count -- Alaska Department of Corrections -- January 1992

	104	403	194	230	59	170	79	58	170	176	108	428	210	113	92	Emergency Capacity		
	102	397	183	225	53	164	76	62	165	176	104	412	204	112	88	Maximum Capacity	2523	
Day	AMCC	CPT	FCC	HMCC	KCC	LCCC	MSPT	MCCC	PCC/MED	PCC/MIN	SIXTH	SOCC	NWCC	WMPT	YKCC	Emerg. Cap.	Totals	%
1	77	396	181	228	44	146	76	60	169	167	97	422	204	80	75	2602	2422	93%
2	75	395	182	226	45	150	77	60	168	159	97	419	206	83	72	2602	2414	93%
3	73	390	182	226	46	151	75	59	167	170	102	419	206	85	78	2602	2429	93%
4	73	392	187	224	48	157	78	59	167	170	97	419	206	85	78	2602	2440	94%
5	73	397	185	223	49	156	78	59	167	170	105	419	206	88	82	2602	2457	94%
6	72	414	189	220	49	155	74	59	167	171	106	418	204	86	84	2602	2468	95%
7	70	406	194	220	50	161	83	58	166	173	108	419	203	86	86	2602	2481	95%
8	74	399	185	224	52	158	78	59	168	172	108	426	203	82	85	2602	2472	95%
9	74	397	181	222	53	158	82	57	165	176	110	426	202	81	84	2602	2468	95%
10	75	388	181	221	57	163	70	59	169	175	112	425	204	80	92	2602	2471	95%
11	76	390	183	219	58	170	71	59	169	175	112	425	204	83	92	2602	2486	96%
12	76	390	188	219	57	172	73	59	169	175	113	425	203	81	95	2602	2495	96%
13	76	387	188	224	57	174	75	59	167	176	100	425	203	79	84	2602	2482	95%
14	75	387	186	221	55	172	72	59	167	176	97	425	204	80	92	2602	2468	95%
15	76	386	181	225	57	168	69	59	167	173	93	425	204	83	90	2602	2456	94%
16	78	391	194	224	59	170	72	59	162	175	93	424	204	86	93	2602	2484	95%
17	78	391	197	226	57	163	74	59	161	174	91	427	202	92	93	2602	2485	96%
18	78	393	203	225	54	168	79	59	161	173	101	426	204	88	99	2602	2509	96%
19	78	393	199	225	52	167	80	63	161	173	100	426	204	85	94	2602	2500	96%
20	80	389	204	224	52	164	78	62	168	171	102	426	202	89	95	2602	2503	96%
21	78	394	195	221	52	166	75	62	163	172	100	426	204	86	94	2602	2468	96%
22	85	392	180	225	54	166	74	61	163	170	104	426	203	86	89	2602	2478	95%
23	86	396	187	222	54	165	72	65	163	171	110	425	203	90	97	2602	2506	96%
24	89	399	194	227	54	163	73	65	163	171	94	425	203	87	79	2602	2486	96%
25	88	399	193	226	54	166	78	65	163	170	101	425	204	85	80	2602	2495	96%
26	88	393	192	225	53	169	75	62	163	170	113	425	204	86	79	2602	2496	96%
27	91	390	187	223	53	166	71	61	169	171	101	424	203	85	80	2602	2475	95%
28	92	391	185	223	54	167	68	62	169	173	101	424	203	85	82	2602	2479	95%
29	90	399	184	221	52	162	65	62	166	173	97	424	203	84	83	2602	2465	95%
30	91	398	180	220	53	165	67	60	167	172	99	424	202	87	82	2602	2467	95%
31	93	392	184	217	53	165	61	58	167	172	103	428	200	85	77	2602	2455	94%
Avg	79.558	394	187.87	223.1	52.806	163.32	73.903	60.29	165.839	171.903	102.03	423.94	203.55	84.774	85.29	2502	2473.6	95%
																10 day rule		
			3	17	3	6	9	3		8		6				16	Nov 30/30 as of 11 01 31	

Counts as of January 01, 1992 are provided by the institutions of 6am daily.

FLOW CHART FOR PRISON POPULATION MANAGEMENT ACT



STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465-3800

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

Mary Van Nimwegen

Senate HESS

5-4-91

S B

2 2 8

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 228

FEB 03 1992

Revision Date: _____ Department Affected: Education
 Title: "An Act relating to reimbursement of school construction debt; and providing for an effective date." BRU: Educational Finance & Support Services
 Sponsor: Kerttula Component: School Construction Debt Retirement

Requestor: House Hess COMPONENT SERIAL NO.

1	5	3
---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

*It is impossible to predict the State liability in FY93 and beyond under SB 228.

Prepared By: James Tozer Phone: 465-2865
 Division: EF&SS Date: 1/31/92
 Approved by Commissioner: *Jerry Covey* Jerry Covey
 Agency: Education Date: 1/31/92

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

Alaska State Legislature

Sen. Jay Kerttula, Co-Chairman
Sen. Pat Pourchot, Co-Chairman

Sen. Al Adams
Sen. Jim Duncan
Sen. Lyman F. Hoffman
Sen. Dick Shultz
Sen. Rick Uehling

Senate Finance Committee

Jay - talk to Governor's office

State Capitol
Juneau, AK 99801-1182
(907) 465-1200
(907) 463-3066 Fax

Box 1009
Palmer, AK 99645
(907) 376-2675
(907) 376-0315 Fax

MEMORANDUM

TO: Senator Arliss Sturgulewski
Chair, Senate HESS Committee

FROM: Senator Jay Kerttula *Jay*

SUBJECT: Senate Bill 228, school construction debt reimbursement

DATE: March 24, 1992

I would appreciate it if you would schedule Senate Bill 228 for hearing.

Thank you for your consideration of this request.

JK:pt

MJ
W. K. Uehling

Basic school construction
Phase reating lighting classrooms.

Alaska State Legislature

Sen. Jay Kerttula, Co-Chairman
Sen. Pat Pourchot, Co-Chairman

State Capitol
Juneau, AK 99801-1182
(907) 465-1200
(907) 463-3066 Fax

Sen. Al Adams
Sen. Jim Duncan
Sen. Lyman F. Hoffinan
Sen. Dick Shultz
Sen. Rick Uehling

Senate Finance Committee

Box 1009
Palmer, AK 99645
(907) 376-2675
(907) 376-0315 Fax

MEMORANDUM

TO: Senator Arliss Sturgurewski 

FROM: Senator Jay Kerttula 

SUBJECT: Senate Bill 228 and Senate Bill 354

DATE: March 16, 1992

I understand that some members of the committee are interested in having a presentation by an independent party on the State of Alaska's bond rating and the potential effects which would be created by passage of Senate Bill 228 and Senate Bill 354.

With this in mind, I would like to request that another hearing be held on these bills to enable the committee to hear the viewpoints of those who have expertise in the area. I would be happy to provide the names of some individuals who may be available.

Thank you for your consideration of this request.

JK:pt

y needed.



Alaska State Legislature

Official Business

SPONSOR STATEMENT

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

SENATE BILL 228

by

Senator Jay Kerttula

Senate Bill 228 would reinstate debt reimbursement for school construction bonded indebtedness at the 70% level for bonds issued after March 1990. Currently, the statutes provide for reimbursement for past school construction debt but there is no provision for future school construction debt; rather, there is the new program established by the legislature in 1988 by House Bill 37.

In 1990, House Bill 37 passed the legislature and was signed into law by the Governor. The purpose of this legislation was to provide a new approach to school construction which would avoid school districts' increasing their bonded indebtedness under a state umbrella.

Due to the high level of need in the rural areas to meet the health and safety priority, and given the reduced level of available funding, the needs of the urban areas, especially the problem of unhoused students, remains unresolved and

is reaching critical proportions as school enrollment increases.

Simply put, since the priority needs of the urban schools are dropped down on the priority list and given declining revenues, the urban schools are not receiving funds; the current mechanism put into place by House Bill 37 does not reach far enough to meet the needs of urban school districts

For example, in 1989 and 1990, Anchorage received no state funds for school construction; they need to bring existing schools up to standard. Schools in South Anchorage and Eagle River-Chugiak are over capacity and new elementary and junior high schools are being proposed. Schools in the Mat-Su Borough are also at capacity and the area is experiencing population growth. The Fairbanks school district anticipates that it will need \$100 million for school construction over the next ten years.

The current school construction funding mechanism also needs to provide an opportunity for local governments to initiate and cooperatively build schools for unhoused students.

HENRI

**ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA**

Testimony Related to Senate Bill No. 228
Given by Janet Stokesbary, Director of Finance & Accounting
Friday, February 21, 1992

My name is Janet Stokesbary. I am representing the Anchorage School District.

The Anchorage School District supports Senate Bill 228. Reinstatement of the State reimbursement program for principal and interest on school bonds and local cash payments for school construction, additions to schools and major rehabilitation projects is one of the Anchorage School District's legislative priorities. We would prefer reimbursement at 80 percent but will definitely support 70 percent.

The Anchorage School District anticipates needing available controllable source of funding at the local level. Local decision making and options which are decided on an annual basis as needs are identified, justified and prioritized is best implemented through issuance of municipal bonds as needed.

The Anchorage School District does not receive adequate funding currently under House Bill 37. In FY 92-93 the Department of Education's prioritized list provides the District approximately \$103 million out of a \$642 million project list. This is only 16 percent of the total dollars; whereas, the Anchorage School District serves about 40 percent of the students in the State. Anchorage School District's first project is ranked 46th - \$187 million would need to be appropriated before the District will get its first project of \$1.2 million (Turnagain Elementary School Addition).

The Anchorage School District currently has \$415.5 million of priority needs. They include:

\$ 10.5 Million	Health/Life Safety
\$159.5 Million	Unhoused Students
\$ 13.5 Million	Protection of Structure
\$ 17.7 Million	Code Upgrades
\$202.0 Million	Functional Upgrades
\$ 12.3 Million	Technology Upgrades

A retrofit study recently completed by the District identified \$400-\$500 million of renovation and upgrades are needed to bring existing facilities into parity with current models.

The District anticipates selling \$50-\$100 million per year. The Anchorage School District is conservative when presenting bond propositions before the voters. Buildings are at over capacity before recommended for additions.

The Anchorage School District currently has \$203 million of outstanding debt which will be paid in full in year 2012. Current debt service schedule includes:

5 years	approx. \$33 million/year	\$18-\$24 million/year principal
3 years	approx. \$20 million/year	\$15 million/year principal
2 years	approx. \$10-\$12 million/year	\$7-\$8 million/year principal
4 years	approx. \$6 million/year	\$4-\$5 million/year principal
7 years	approx. \$2 million/year	\$1.5-\$2 million/year principal

The current debt includes \$20 million approved by voters in October 1991 and sold in January 1992 which is currently not eligible for reimbursement by the State.

With the passage of Senate Bill 228 which provides 70 percent reimbursement for bonds approved by the voters after March 30, 1990, the Anchorage School District would be reimbursed 70 percent of the principal and interest on the proposition approved in October 1991. In FY 92-93 the District would receive \$1.1 million, or 70 percent of the \$1.6 million debt service payment.

In summary, the Anchorage School District supports Senate Bill 228 and encourages approval of this Bill. Thank you.



ANCHORAGE SCHOOL DISTRICT

4800 DeBarr Avenue
P.O. Box 198614
Anchorage, Alaska 99519-6614
AREA CODE (907) 333-9561
FAX (907) 333-3322

TELECOPY COVER SHEET

SCHOOL BOARD

Darryl Jordan
President

Carol Stolpe
Vice President

Walter Peathery
Clerk

Carol Christensen
Treasurer

Dorothy Cox

Theresa Nangle Obermeyer

Sharon Richards
Past President

SUPERINTENDENT

Thomas C. O'Rourke

DATE March 2, 1992

TO: Senator Arlis Sturgulewski

FROM: Janet Stokesbary, Director, Finance & Accounting

Telecopy consists of 3 pages, including this cover sheet. If there is any problem with the transmission of this material, please contact Cathy at 269-2301 or fax # 333-3322.



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669

PHONE (907) 262-4441

February 25, 1992

DON GILMAN
MAYOR

The Honorable Jalmar Kerttula
PO Box V
Juneau, AK 99811

FEB 28 1992

Dear Senator ^{Jay} Kerttula:

This letter is written to reiterate our recent discussion concerning the public school building and renovation program. As we both know, the public school facility needs for elementary and secondary education are going to continue to grow. The past program, while providing the mechanism for state and local partnership in funding the construction of schools, left something to be desired because abuses of the system were too easy. Too many 'other' facilities were built in the guise of schools such as swimming pools, auditoriums, community centers, etc. As a result, the school system now has to provide not only basic education but community recreation, community schools, and a myriad of other items which are drains on the resources of the school operating funds.

The repeal of the reimbursement program accomplished a couple of objectives: it stopped the growth of State obligation for local school bonds, and it helped to illustrate the major rebuilding and refurbishing needs of the rural Alaska school system. It did not result in a solution for the growing school construction needs of the major population areas of the state, including the Mat-Su Borough and the Kenai Peninsula Borough.

I would like to offer some suggestions as a way of spurring discussion and possibly new legislation to address this topic. In order to provide a system for construction of schools in the state of Alaska we must:

1. Assume and accept the premise that for a long time in the future we are going to have a dual school system in this state whether we like it or not. As a result, the State will have to continue funding 100% of those needs.

2/25/92

Page 2

2. Mandate that the State Department of Education define a basic school for the purposes of state participation in construction. The basic school design could even be a prototype design which could be used in many school districts throughout the state. Costs incurred by deviating from the basic school design would have to be borne by the local community.

3. Set a provision for participation in financing the basic school. From 1971 to 1976 school bonds were reimbursed on an up to 50% basis. In 1981 up to 100% reimbursement was provided by statute. Somewhere between 50% and 80% of construction costs should be provided in any new program. I recommend a 70%-30% split, but that is arbitrary and mechanical. In any event, the local community should not have to borrow the State's percentage of the construction cost.

4. Create a mechanism for the State to finance its share of the funds for construction. I believe that State G.O. bonds could be authorized by the voters and issued at the time the construction was ready to go forward and only after the community had provided evidence that its financing was in place. The municipal bond bank could be used to coordinate the funding.

There are a number of reasons why it is good public policy for local funds to be required to finance school construction. Usually the community will maintain a facility for which it has to pay. Users of the facility will be responsible for paying for the facility. However, I believe that the most compelling reason is to curb the tendency to build monolithic edifices to architects.

Jay, my staff and I stand ready to assist in any way we can. I believe that funds for all state programs and projects are going to be nearly non-existent after this year. We must prepare a way to continue to have adequate educational facilities in the future. My grandchildren deserve no less.

Sincerely,



Don Gilman

Kenai Peninsula Borough Mayor

DG:lc



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536
FAX (907) 274-0551

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090
FAX (907) 586-2744

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435
FAX (907) 456-2159

May 3, 1991

To: **Senator Sturgulewski, Chair**
Members, Senate HESS Committee

MAY 3 1991

Re: **SB 228; "An Act relating to reimbursement of school construction debt; and providing for an effective date."**

NEA-Alaska supports and encourages your favorable consideration of SB 228.

We did support the theory and principle of HB 37 in that it makes sense to have an orderly system for the management of public school capital improvement projects. However, it has become apparent that HB 37 may not be effectively serving the broad based need which is inherent in public education in Alaska.

While health and safety concerns are of critical importance as they pertain to public school facilities and must be given priority consideration the simple fact that we have unhoused students must receive equal priority. The problem of unhoused students is compounded by the reality that student enrollment is increasing and is already a serious strain on limited facilities in many parts of the state.

Unless there is an immediate commitment to reach much further down the capital improvement *needs* lists which have been produced as a result of HB 37, it is critical that SB 228 be passed so that communities can begin the process of meeting their own critical needs for additional classroom space.

Thank you for your consideration of our position. We urge your support.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

cc: **Senator Kerttula**

COPY

April 11, 1991

The Honorable Jalmar Kerttula
Co-Chair, Senate Finance Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Senator Kerttula:

As you are aware, the Matanuska-Susitna Borough School District has recognized that the traditional school setting for all students is not effective. For four and one-half years, we have supported and expanded an alternative school structure to increase our ability to assist young adults to successfully complete high school and feel good about themselves as learners.

This program has been housed in a different building almost every year. This last year they were in the new Colony High School. This building will be opened as a traditional comprehensive high school next year, and will therefore not facilitate the separate identity necessary for an alternative setting.

We are looking at a facility to permanently house this program and demonstrate our commitment to this important educational option.

Based upon an increased student population of one hundred students, and allowing for further growth to one hundred fifty students and the space needs for an on-site day care facility, approximately 5,000 square feet of building capacity is necessary. We estimate

SENATOR JALMAR KERTTULA
APRIL 11, 1991
PAGE 2

COPY

that a building of this size would cost approximately \$500,000. Any support that could be provided to obtain a permanent facility for the Alternative School would be greatly appreciated.

Please do understand that it is our responsibility to submit this request as a serious District need, and that we also appreciate the magnitude of requests that your office receives.

Sincerely,

Martin Laster, Ph.D.
Assistant Superintendent of
Finance and Public Relations

cc Dr. Ell B. Sorenson, Superintendent



Matanuska-Susitna Borough School District

125 WEST EVERGREEN — PALMER, ALASKA 99645 — (907) 746-9200

Dr. Ell B. Soranson, Superintendent

COPY

November 7, 1990

The Honorable Dorothy Jones
Mayor
Matanuska-Susitna Borough
P.O. Box 1608
Palmer, AK 99645

RE: Advance planning for schools.

Dear Mayor Jones:

Continued enrollment increases at many of the District schools suggest that advance planning for new school facilities should be implemented. The advance planning should include site selection and bonding preparations for two (2) elementary schools and one middle school.

The District's annual enrollment averages over the last twenty (20) years indicates the student enrollments have increased at 7.82% a year. (See Attachment A) It is anticipated that this growth will continue because of the Borough's popularity as a place to live.

A review of the latest enrollment report (Attachment B) indicates that all three of the middle schools are either at capacity or exceed their design capacity. In addition, the enrollments at Snowshoe Elementary, Tanaina Elementary, Pioneer Peak Elementary, and Big Lake Elementary exceed their design capacity of 500 students. Several other elementary schools including Iditarod Elementary, Swanson Elementary, and Cottonwood Creek Elementary are rapidly approaching their design capacities.

The completion of Knik Elementary School in 1992 will bring temporary relief to Tanaina Elementary and Snowshoe Elementary; as well as Big Lake and Iditarod.

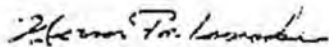
For these reasons and in keeping with Borough Code 19-08.020 it is recommended that the Mayor appoint a School Site Selection

Honorable Mayor Jones
November 7, 1990
Page 2

COPY

Committee to begin the process of determining District needs for new school sites. This recommendation becomes particularly relevant when it is remembered that the building of a new school can take three years from the time it is approved by the Assembly and a bond is approved. The District is anticipating that some schools may have to go to split sessions as early as the 1992-93 school year.

Sincerely,



Norm Palenske
Associate Superintendent

fc
enc. Attachment A
Attachment B

MAFAN'SKA-SUSITNA BOROUGH SCHOOL DISTRICT
 TWENTY-YEAR ENROLLMENT AVERAGES
 AND THREE YEAR PROJECTION
 DISTRICT-WIDE

COPY

END OF YEAR FIGURES:

YEAR	ENROLLMENT	PERCENT INCREASE OR (DECREASE)	THREE-YEAR PERCENT INCREASE OR (DECREASE)	HIGH AVERAGE PROJECTION	AVERAGE PROJECTION	LOW AVERAGE PROJECTION
1970-71	2,157.92					
1971-72	2,298.88	6.53%				
1972-73	2,389.87	3.96%				
1973-74	2,496.91	4.48%	4.99%			
1974-75	2,700.71	8.16%				
1975-76	3,054.86	13.11%				
1976-77	3,472.87	13.68%	11.65%			
1977-78	3,854.44	10.99%				
1978-79	3,775.38	-2.05%				
1979-80	4,332.86	14.77%	7.90%			
1980-81	4,421.94	-2.06%				
1981-82	4,753.77	7.50%				
1982-83	5,774.32	21.47%	10.34%			
1983-84	6,991.45	21.08%				
1984-85	8,049.92	15.14%				
1985-86	8,454.83	5.03%	13.75%			
1986-87	8,450.86	-0.05%				
1987-88	8,252.39	-2.35%				
1988-89	8,192.35	-0.73%	-1.04%			
1989-90	8,764.31	6.98%				
1990-91*	9,350.00	6.68%	6.83%			
DISTRICT AVERAGE		7.82%	7.78%	10.91%	7.82%	3.59%
PROJECTED ENROLLMENT:						
1991-92				10,370.22	10,081.39	9,686.00
1992-93				11,501.76	10,870.00	10,034.08
1993-94				12,756.76	11,720.29	10,394.67

*USED 9/21/90 ENROLLMENT FIGURES

RESOLUTION NO. 1

STATE FUNDING FOR NEW SCHOOL CONSTRUCTION

WHEREAS, the student population in many Alaskan school districts is increasing dramatically; and

WHEREAS, many school districts are facing serious overcrowding problems which only additional classroom space can alleviate; and

WHEREAS, overcrowded classrooms are detrimental to the educational process and counter-productive to the goal of reducing class size whenever possible; and

WHEREAS, last year, only 10 out of 145 projects on the statewide Capital Improvement Plan (CIP) list were funded, none of which addressed unhoused students; and

WHEREAS, the current method of funding school capital improvement projects is not meeting the need for new school construction around the state;

NOW THEREFORE BE IT RESOLVED that the Big Lake Chamber of Commerce, the Greater Wasilla Chamber of Commerce and the Greater Palmer Chamber of Commerce all urge the Alaska State Legislature and the Governor to resolve the urgent need for additional classroom space by returning to the concept of sharing local municipal bonding costs.

RATIONALE: The State is not allocating enough funds for the construction and renovation of schools in Alaska. Local boroughs and municipalities must pay 100% of the costs unless they manage to be at the top of the DOE CIP list. Ideally the legislature will adopt new guidelines for facilities with particular emphasis on unhoused students in portable classrooms and ensure the provisions do not penalize districts based on square footage. Instead the State should apply standards based on the number of necessary classrooms to house the programs or revert to a percentage of funding of individual district-identified needs, as existed prior to the implementation of House Bill 37.

Fairbanks North Star Borough School District

WHY WE NEED AN ADDITION AT TANANA JR. HIGH AND A NEW ELEMENTARY SCHOOL

April 1991

WE DO NOT HAVE ENOUGH CLASSROOMS IN FAIRBANKS AREA SCHOOLS to meet current student enrollment needs, much less future growth. In the Fairbanks area (defined as the Lathrop/West Valley attendance area), elementary and high schools are already at capacity and junior high schools are over capacity. For 40 years our district has experienced steady growth and every indication is that this trend will continue. Conservative enrollment projections for the next 5-10 years estimate a 2 percent annual increase. By the year 2000, we will need classroom space for an additional 3071 "unhoused students."

IN FAIRBANKS AREA SCHOOLS (Not Eielson, Ft. Wainwright or No. Pole)...

- ▶ We currently have classroom space for 8,538 students.
- ▶ Our 1990-91 K-12 enrollment totals 8,568 students.
- ▶ In 5 years, we estimate needing space for 9,285 students.
- ▶ By the year 2000, we will need space for 11,609 students.
- ▶ It takes 2-3 years after funding is approved to build a prototypical elem. school.

IN OUR CIP REQUEST FOR THIS YEAR ARE TWO VITAL PROJECTS to begin addressing this problem:

- ▶ An addition at Tanana Jr. High (\$3.95 million)
- ▶ A new north Fairbanks elementary school (\$14.3 million)

UNFORTUNATELY, LOCAL COMMUNITIES CAN NO LONGER DETERMINE LOCAL SCHOOL CONSTRUCTION NEEDS.

Prior to passage of House Bill 37 last year, the state would reimburse local communities up to 80% of the cost of voter-approved school construction bonds. Now, Fairbanks projects must compete on a statewide CIP priority list determined by the Department of Education. The amount of money appropriated to the school construction fund determines whether or not our school projects will get built.

The Tanana addition is ranked #30 on the statewide CIP list and the new elementary school is ranked #33. Governor Hickel has proposed spending only \$25 million on new school construction, which would fund only the first seven projects on the statewide CIP list. Approximately \$108 million dollars would have to be appropriated to the statewide school construction fund before our two projects would get funded.

In addition, the first 20 projects on the state CIP list are considered Priority 1, Health and Life/Safety Projects. Priority 2 projects are "unhoused students." The addition at Tanana and the new elementary school are Priority Type 2 projects. There are nine Priority 2 projects ahead of ours.

GIVEN THE MAGNITUDE OF THE PROBLEM, why aren't our Fairbanks projects at least on the top of the Priority Type 2 projects? Good question. The Department of Education decided to rank projects according to the *percent* of unhoused students, not the *number* of unhoused students. Therefore, while we may have the greatest number of unhoused students, it represents a smaller percent of our enrollment than in a small or single site school district. Priority 2 projects ahead of ours are for the following schools with their enrollment according to DOE's 1990 Alaska Education Directory: Selawik (127), Slana (18), Edna Bay (17), Hooper Bay (223), Kasaan (11), Port Protection (9), Craig (256), Gambell (160) and Aniak (181).

EVERY YEAR, SCHOOL DISTRICTS IN ALASKA HAVE MORE STUDENTS TO EDUCATE. The legislature acknowledges this fact by approving supplemental operating funds to help educate increased numbers of students. Legislators should also realize that with more students to educate, districts that did not over build in the 1970's and 80's now need more classrooms. We understand the desire to hold the line on state spending but we cannot reduce the number of students we have to educate. These students are here now and more are coming on their heels. We need classrooms for them. WE NEED AN ADDITION AT TANANA AND A NEW ELEMENTARY SCHOOL FUNDED THIS YEAR.

Bills would retool school funding system

By ED SCHOENFELD

THE ALASKAN NEWS

A new system for state funding of school construction and repair projects is already coming under attack in the Legislature, although it has yet to hand out its first check.

Bills sponsored by Sen. Jay Kerttula, D-Palmer, and Rep. Pat Carney, D-Wasilla, would return Alaska to the funding system dropped a year ago, when most public school construction work was partially reimbursed by the state Department of Education.

Under the old system, the state would reimburse districts for up to 80 percent of most school bond issues. But opponents of the program said the state lacked control over school construction, even though it got stuck with the bills.

A new system was adopted during last year's legislative session. Under the new program, school districts and rural schools submit their funding requests to the Education Department, which ranks them by need and each year asks the governor and

The problem is that this year's school projects list is huge. It includes 145 items at a total cost of about \$295 million, from a new elementary school at Emmonak near the mouth of the Yukon River to playground improvements in Ketchikan.

Legislature for enough money to cover the top-priority projects.

Instead of partial reimbursement, the top-priority projects would receive full state grant funding. School projects not near the top of the list would get nothing — but the chance to try again in a year.

According to Carney, the new system isn't working.

"When House Bill 37 passed last year, it was supposed to take politics out of funding schools. Some of us said that wouldn't happen, and as it turned out that didn't happen," Carney said Monday.

The problem is that this year's school projects list is huge. It includes 145 items at a total cost of

about \$295 million, from a new elementary school at Emmonak near the mouth of the Yukon River to playground improvements in Ketchikan.

There are 20 top-priority projects that address basic health, safety and student housing needs. It would take almost \$60 million to fully pay for those projects. Gov. Walter J. Hickel, however, is proposing only \$25 million, said Cheryl Frasca, budget review director in the governor's Office of Management and Budget.

That amount would cover only the first seven projects.

The House and Senate have apparently not decided how much they want to put into the top-priority pro-

jects this year.

All but a few of the top projects are in rural areas — many from small schools with little or no local tax base to help fund construction or repairs.

The top-ranked Juneau project — renovation of unfinished space at Auke Bay Elementary School into classrooms — is 14th on the list.

Carney said the system isn't fair to larger communities.

"It leaves communities who tax themselves and bond themselves at higher and higher risk of taxing themselves more and more," he said.

Legislation proposed by Carney, House Bill 290, and by Kerttula, Senate Bills 137 and 228, would drop the priority-list system and reinstitute the old system of state reimbursement for most school bond costs.

Passage of either measure this year appears unlikely, although Carney said he has hopes for next year.

Under Kerttula and Carney's bills, the reimbursement level would

Please turn to Schools, Page 8

Schools...

Continued from Page 1
be dropped from the old 80 percent down to 70 percent.

Critics of the old system said it was bad public policy because any community could issue bonds and obligate the state to help pay off the debt.

Carney disagreed. "I don't think that was the problem at all. There was control. The state Department of Education had to approve the bonds."

School districts across the state are concerned about whether the new priority-list program will work, but there is no unified position in favor of returning to the old program, said Carl Rose, Association of Alaska School Boards executive director.

The association supported the new system last year because it seemed more equitable and promised full funding for the most needed projects, not those from districts with the most political clout, Rose said.

"It was an effort to do a comprehensive review of the future projects and provide a system that would pri-

oritize," he said. "That all made a lot of sense to a lot of people.

"There's a good reason to try to get the system to operate but it needs a lot of trust and faith," Rose said. "I think trust and faith are right now in pretty short supply."

And that worries school officials in larger communities, including Juneau, who are looking toward new construction to cope with increasing enrollment.

"They simply have to come up with a better system," said Juneau school board president Charlotte Richards.

Steve Hole, acting Education Department commissioner, said the new system is good policy because it grants money on a more objective basis. "I think the list in this process is pretty much immune to politics, so from my perspective the system has worked pretty much as expected," he said.

The system needs time to work, although concerns about funding are legitimate, Hole said.

"The vitality of this system over the long term will be determined by the willingness of the Legislature

and the governor to fund as many of those Category 1 (top priority) schools as possible," he said.

On that point, Carney agreed. "I think the problem is the state has not been willing to commit enough of its resources to education," he said.

During recent discussion of Carney's bill, another solution was proposed — leaving the new system in place while also selling state bonds to come up with enough money to cover the top-priority projects, the representative said.

That would clear the deck of long-needed rural school projects and allow larger districts to get into the running for funding, he said.

Carney's bill has cleared the House Community and Regional Affairs Committee and is due for a hearing before the body's Health, Education and Social Services Committee next week, where the bond sale idea may be discussed further, he said.

Kerttula's bill is in the Senate Health, Education and Social Services Committee.

Kerttula did not return several phone calls made over the past week.

Budget irks schools

Cash woes split rural, city factions

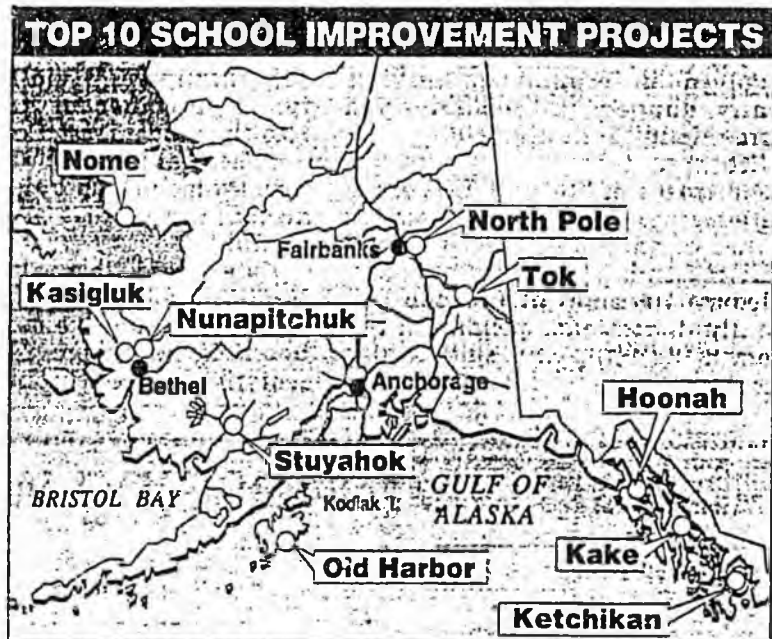
By PETER BLUMBERG
Daily News reporter

Urban and rural school districts have begun their annual ritual of fighting over who is treated worse when it comes to state funding for school construction projects.

This year, it is the urban districts — feeling cheated because none of their construction proposals has qualified for funding — that are pushing for a legislative overhaul of the funding process.

But educators and politicians on both sides of the issue say more equity will only go so far without more money. The real problem, they say, is that the state's commitment to funding new construction projects has shrunk from several hundred million dollars a few years ago to a budget of \$22 million proposed by Gov.

Please see Page B-2, **SCHOOLS**



Projects ranked by priority, FY 1993

School	Rank	Amount (In thousands of dollars)
Kasigluk / Akluk	#1	\$6,913.0
Ketchikan	#2	\$14,623.7
Nome	#3	\$885.0
Nunapitchuk	#4	\$2,500.0
Old Harbor	#5	\$525.0
Hoonah	#6	\$1,738.2
North Pole	#7	\$12,110.9
Tok	#8	\$13,232.0
Kake	#9	\$1,482.0
Stuyahok	#10	\$726.5

Source: Alaska Department of Education

RON ENGSTROM / Anchorage Daily News

SCHOOLS: State's educators say budget too weak to serve needs

Continued from Page B-1

Wally Hickel for the coming year.

"It's not working because there's no money going into the program," said Tom Ryan, superintendent of the Aleutian East Borough School District. "No school construction program in this state will work unless the state puts in at least \$100 million a year. That's how much need there is."

"The problem is not really urban vs. rural," said Scott Burgess, executive director of the Alaska Municipal League. "Presumably, all things being equal the existing grant program ought to work fine if the legislature would only fund it adequately."

Burgess' group, representing municipalities throughout the state, has urged the legislature to spend at least \$600 million next year on school construction.

Rep. Mark Boyer, D-Fairbanks, has gone even further, proposing a statewide ballot for voters to authorize \$750 million in construction bonds.

Ryan, Burgess, Boyer and others say they feel betrayed because the funding scheme for school capital projects adopted in 1990 by the legislature was supposed to guarantee the construction of badly needed schools across Alaska.

But as the budget proposed by Hickel currently stands, next year the state will pay for only two projects in all of Alaska's 54 school districts: \$14.6 million for a new school in Ketchikan and \$6.9 million for a new school in Kasigluk in the Lower Kuskokwim School District. Those projects ranked first and second on a priority list of 200 proposals compiled by the state Department of Education.

The priority list ranks project proposals according to seven criteria, giving highest preference to construction that addresses health and safety concerns.

The priority list grew out of a 1990 legislative measure. House Bill 37 was intended to harness the runaway growth of state debt stemming from bonds

floated by school districts. In the last year before the priority list took effect, districts independently bonded for nearly \$1 billion in new construction debt.

In return for letting the Department of Education choose which projects to fund, the law provided districts with a commitment for 100 percent state reimbursement on bond payments. The reimbursement had previously fluctuated between about 70 and 80 percent, with the final amount determined through political wrangling late each legislative session.

Now, the state's three largest school districts — Juneau, Fairbanks and Anchorage — are convinced the priority list works against their interests because none of their projects has ranked high enough in the last two years to receive funding.

They contend that rural districts will consistently come out ahead as long as repairs to dilapidated buildings that pose "imminent danger" to occupants are given higher priority than building new schools to relieve overcrowding.

"It irritates me that we have 40 percent of the students in the state and we don't get any money out of this," Anchorage School Dis-

trict Superintendent Thomas O'Rourke said.

To provide relief, the urban districts argue it's necessary to reinstate the debt reimbursement scheme as it existed before HB 37 — even while leaving the new law in place. That would allow rural districts to continue benefiting from the priority list while freeing the urban districts to obtain some reimbursement, if not quite 80 percent, for projects financed with municipal bonds.

In varying tones of urgency, the Alaska Municipal League, the Alaska Council of School Administrators and the Association of Alaska School Boards have endorsed restoring the reimbursement scheme at least as an option. And Sen. Jalmar Kerttula, D-Palmer, already introduced legislation to that effect earlier this year.

Sen. Pat Pourchot, D-Anchorage, said the issue will be a hot topic of debate when the legislature convenes in January. But he said it's highly unlikely lawmakers will want to boost capital funding for schools higher than \$35 million for the coming year.

"I could see us limping along on this for a while because it's so divisive," he said.

SPENDING ENOUGH, OR TOO MUCH?

Focusing on education

THIS IS NATIONAL Education week, a good time to consider Anchorage's school budget needs. Education regularly tops the list of answers when pollsters ask what's wrong with our country, or what needs more attention.

There is a sense of pending crisis in the classrooms of our nation and our state.

The questions are many; the answers few. But the biggest question of all, and the hardest one to answer, is: Should we be spending more money on education? And if so, from where does the money come? For the second year in a row the Anchorage School District didn't get any capital funds from the state for school construction.

The reason is a bill that passed the Legislature in January 1990 which changed the way capital school projects are funded. There was good reason for the bill, which, according to its sponsor Rep. C.E. Swackhammer, D-Soldotna, was supposed to "take the politics out of school funding."

Prior to Rep. Swackhammer's bill, school districts could bond capital projects with voter approval and the state would foot the bill, sometimes up to 80 percent. Then the state realized it had a debt of something like a billion dollars and debt service of around \$130 million annually. And it was growing while oil — accounting for roughly 85 percent of the state budget — was declining.

SWACKHAMMER'S bill provides some needed local accountability. However, when capital project requests are ranked now according to the new formula, urban schools get dropped down the list. And with shrinking state funds, "down the list" means not getting funded.

This is something that needs to be examined in the coming legislative session. While it may not be smart to return to the old way of funding school capital projects, the new formula appears to need modification to achieve equity between rural and urban schools.

Aside from building new schools, are we spending enough money in the classrooms that already exist? And what about sorely needed maintenance on existing structures? The district says it's going to need another \$14 million next year to meet rising costs for teacher contracts and an expected increase of 1,700 students. To meet part of the shortfall, the district is asking the state to increase the formula of the State Public School Foundation Program from \$60,000 per classroom to \$66,000.

BEFORE WE send our local senators and representatives off to Juneau in January, Anchorage residents must ask themselves how much of a priority education is. More important, parents need to ask themselves if Alaska's education dollars are being well spent.

There are no easy answers, but working collectively — involving businesses, PTAs, educators, students and parents — Anchorage can reach a consensus and instruct our legislative representatives accordingly.

At a time when all state spending must undergo strict scrutiny, and all programs reevaluated, it is essential that the Anchorage legislative delegation know with confidence the priorities of their constituents. Projects and programs that impact the quality of education in our community deserve particular close attention.

S B

2 3 2



Alaska State Legislature

SENATE

Official Business

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

TO: Senator Arliss Sturgulewski, Chair
Senate Health, Education & Social Services Committee

FROM: Senator Steve Frank

RE: Senate Bill 232 University of Alaska Revenue Bonds

DATE: April 10, 1991

SB 232 would do two things: first, specifically authorize the University to issue revenue bonds to finance the cost of a new student supported recreation center in Fairbanks; and second, complete the legislative authority given last year to the University to issue debt by allowing them to pledge University revenues for the repayment of revenue bonds.

The Student Recreation Center would augment the existing Patty Center which was built for a student population one fifth of what it is now. The new facility would contain basketball courts, a indoor soccer field, a running track and a new weight room, among other things. The Rec Center has been endorsed by the UAF student body including an increase in student activity fees to pay for it. The increased student fees and facility user fees will be sufficient to pay the debt service on the revenue bonds sold to finance the construction.

Last year the legislature passed AS 14.40.040 (5) which allows the University to issue debt. However, the statute does not contain specific authorization for the university to pledge revenues for the repayment of revenue bonds, nor does it expressly grant them the authority to issue revenue bonds. Barring the language proposed in law, the investment community will not purchase revenue bond issues of the University's. Similar provisions in existing law can be found for Alaska Housing Finance Corporation, the Alaska Energy Authority and the Alaska Industrial Development & Export Authority.

Thank you for your consideration.