

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7444 SENATE HEALTH EDUCATION & SOCIAL SERVICES

ANALYSIS (cont.):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ALASKA STATE LEGISLATURE

Office of Majority Whip

3111 C STREET, SUITE 508
ANCHORAGE AK 99503
(907) 561-2039

PO BOX V
JUNEAU AK 99811
(907) 465-3875/4894

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REPRESENTATIVE BETTYE DAVIS

DISTRICT 14 SEAT B • EAST ANCHORAGE • MULDOON

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

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

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

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

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

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

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

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

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

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

Thanks for your consideration.

POSITION PAPER
CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 545

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

Analysis

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

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

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

Section 3 amends AS 47.07.900 to restrict these service additions to grantees of the Division of Mental Health and Developmental Disabilities, in the Community Mental Health Centers system, and to the grantees of the Division of Alcoholism and Drug Abuse, to allow them to claim Medicaid's 50% Federal matching funds for the services they provide to Medicaid eligibles.

Discussion

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

The current "clinic option" was added to AS 47.07.030 to add federal Medicaid funds to community mental health centers. This option, as it is defined federally, requires Medicaid-coverable diagnostic and treatment therapy services to be performed on the premises of a clinic and be supervised directly by a physician. This option's restrictions fit some of the services provided by community mental health centers, though the physician-supervision requirement is expensive and difficult for rural clinics. However, the primary treatment approach that is used to treat alcoholism and drug abuse does not fit either of the clinic option's two primary requirements.

Increasingly, each of these service systems find treatment best succeeds if it is delivered outside of a clinic setting, where the patient and his or her family actually lives, be it in the

patient's residence or in a group home or other residential treatment facility.

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

Both these treatment systems use case management as an integral part of their services, promoting the patient's access to necessary services. Adopting the case management option will allow these services to draw federal matching funds for the first time. Good case management services have the potential to restrain cost (by assuring the patient gets only necessary services) and to maximize federal matching funds (by making sure patients pursue and keep Medicaid eligibility). However, case management is not generally necessary and efficient unless it is restricted to the seriously ill; CSSSHB 545 restricts this service to those for whom it is most likely to be effective.

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

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

(2) Medicaid federal match will generally not replace State grant funds dollar-for-dollar, either initially or over the longer range. From other states' experience with the rehabilitation option and with their Medicaid refinancing projects, we believe that the percentage of state funds Medicaid can replace will vary widely depending on an array of factors. For the kinds of refinancing CSSSHB No. 545 calls for, we believe is appropriate to propose an 80% reduction: \$200 of new Medicaid funding, including \$100 of new Federal matching funds, can produce a corresponding \$80 reduction in state grant funds. There are many unavoidable reasons for a

POSITION PAPER

STATE OF ALASKA * DEPARTMENT OF HEALTH & SOCIAL SERVICES

20% retention: new staffing is needed by grantees to bill Medicaid, a number of clients often go into and out of Medicaid-eligible status, there is a need to adjust staff and programs to meet federal requirements, etc.

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

Position

The Department appreciates the cooperative efforts of the sponsor and of the members of the House HESS Committee to make detailed improvements in this bill.

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

Recommended by: Kimberly B. Busch Date: 3-19-92
Kimberly B. Busch
Director
Division of Medical Assistance

Approved by: Theodore A. Mala Date: 6 Apr 92
Theodore A. Mala, MD, MPH
Commissioner



ALASKA CHAPTER
NATIONAL ASSOCIATION OF
SOCIAL WORKERS

8923 Tanis Drive
Juneau, Alaska 99801
(907) 789-7099
FAX (907) 790-2209

March 7, 1992

Executive Director
William Diebels, LCSW

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

Regarding: SSHB 545

Dear Representative Davis,

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

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

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

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

Thank you for your time.

Respectfully,

Theresa Tanoury, LCSW
Social Action Committee Chair

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Faith Taves
Fairbanks



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MAR - 5 1992

504 Adams Street
P.O. Box 1045
Seward, Alaska 99664
Phone (907) 224-5257
Crisis Phone (907) 224-3027
Fax (907) 224-7081

February 28, 1992

Bettye Davis
Rm. 409, Capitol
P.O. Box V
Juneau, AK 99811

SUBJECT: COMMUNITY MENTAL HEALTH FUNDING AND BILL #SS HB 545

Dear Representative Davis:

Seward Life Action Council's residential rehabilitative program for severely mentally ill adults is in danger of closing its doors. Projected operating funds previously available from Medicaid have decreased dramatically.

The state has already allocated more than \$200,000 to open this group home and now threaten to eliminate any means of paying for the services required by its residents. These individuals will in all likelihood require far more restrictive, costly services in an alternative setting, as well as suffer the loss of their "home".

This is not an isolated problem. Ken Taylor of Southcentral Counseling Center recently announced the certain closure of the Transitional Living Center in Anchorage unless emergency funds are provided.

We support and encourage House Bill #SSH545 as a long range solution to this problem, however, without immediate assistance we may not be able to keep our group home open until benefits are returned.

The state owns our group home. Without funding, this property will return to the state for disposal. Local property management sources are presently reporting a vacancy rate of approximately 38%. Seward has recently suffered an economic loss (Chugach Alaska sawmill and fish processing plant closures). Closure of our group home will certainly add to the unemployment problem.

We have requested emergency funds from the state, but, have not received a decision. Can you help us?

Sincerely,

SEWARD LIFE ACTION COUNCIL

SUZANNE PRICE, M.A.
CLINICAL DIRECTOR

SEWARD LIFE ACTION COUNCIL

BRENDA O'BRYEN
ADMINISTRATIVE DIRECTOR

Alcoholism, Mental Health and General Counselling Services



A United Way Agency

cc: Kurt Menard (attention Steve Richards)
Rm. 9, Capitol
P.O. Box V
Juneau, AK 99811

Gene Kubina
Rm. 102, Capitol
P.O. Box V
Juneau, AK 99811

Ken Taylor
Southcentral Counseling Center
4020 Folker Street
Anchorage, AK 99508

Patrick Aloia, M.Ed.
Southcentral Regional Coordinator
State of Alaska
Dept. of Health & Social Services
Division of Mental Health & Developmental Disabilities
3601 C Street, Suite 520
P.O. Box 240249
Anchorage, AK 99524-0249

Leonard Abel, Ph.D.
Program Administrator, CMHC
Division of Mental Health and Developmental Disabilities
P.O. Box H-04
Juneau, AK 99811-0602

correspo/davis/bjo



SOUTHCENTRAL COUNSELING CENTER

4020 Folker Street • Anchorage, Alaska 99508
(907) 563-1000

- Adult and Family Services
- Emergency Services 24 Hours
- Psychiatric Services
- Senior Services
- Community Support Unit
 - Outpatient
 - Residential
- Day Break

March 25, 1992

Representative Bettye Davis
State Capital - Room 409
Juneau, AK 99801

Dear Representative Davis:

The Community Mental Health Medicaid Providers group appreciates your sponsorship for House Bill 545 to revise the Medicaid Plan. This group, comprised of the community mental health center directors from Anchorage, Juneau, Matsu, Ketchikan, Kenai, and Fairbanks, is vitally interested in this plan.

As stated in our position paper (see attached), we endorse the advancement of the bill in a way which holds harmless the people who presently receive services from community mental health centers. We are concerned that funding the fiscal note (\$496,000) which has been added to the bill by transfer from grants will reduce services some centers are able to provide. This will be the case in centers where the governing body is unable to approve a budget based on anticipated revenue. Consequently, these centers would have to reduce staff, losing some capacity to serve the mentally ill at the beginning of the fiscal year. Once the service capacity is lost, then the capacity for recouping income lost through the grant reduction would also be lost. For all centers, it is impossible to gauge the impact of funds transferred from grants to Medicaid until regulations are adopted and rates established.

We propose a plan to: 1) fund the fiscal note through a transfer from the largest community mental health center grants, with billing against those funds restricted to those centers; 2) fund the fiscal note with a pay-as-you-go mechanism where grants would be reduced by a percentage of the amount of additional Medicaid billings a center achieved using the "Rehabilitation Option"; or 3) some combination of 1 and 2.

The first option would restrict participation for the targeted funds transferred to the mental health centers included under the new options until an acceptable transition process could be developed. The second option would allow participation by all eligible providers, holding clients and programs harmless by transferring a percentage of funds billed in excess of the previous year's Medicaid base. The third option would allow a combination of the first two options to protect the interests of clients, programs, and the state. These alternatives have been reviewed with the Department of Health and Social Services. Dr. Leonard Abel expressed support and commitment to the hold harmless effort.

The fiscal impact of the proposed transfer is complicated by budget cuts of \$3,700,000 proposed for community mental health. Many mental health programs cannot find a way to adjust to large cuts and also plan for a transfer of other funds.

Again, we thank you for your support and leadership in the mental health area.

Sincerely,

Ken Taylor, LCSW
Executive Director

cc: Rep. M. Boyer/Rep. J. Ellis
Kim Busch, Dept. of Medical Assistance - Margaret Lowe, DMH&DD



United Way

POSITION PAPER
SPONSOR SUBSTITUTE FOR HOUSE BILL 545

PREPARED BY
COMMUNITY MENTAL HEALTH MEDICAID PROVIDERS

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

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

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

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

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

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

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

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

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

ADDENDUM TO POSITION PAPER
HOUSE BILL 545

APR - 6 1992

PREPARED BY
COMMUNITY MENTAL HEALTH MEDICAID PROVIDERS
APRIL 1, 1992

INTRODUCTION:

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

This addendum addresses the funding mechanism for meeting the state's expenses for the federal match requirements for these services.

FUNDING:

The plan for financing the services calls for a hold harmless mechanism to protect current client services available. The proposal is consistent with cost containment needs for the state and with the need for expanded services to meet increasing needs in the community.

Success of the refinancing effort is dependent upon incentives for full participation by the provider agencies. We propose a pay-as-you-go system to encourage this participation and to contain costs for the state. This endorses a "carrot and stick" approach with encouragement for a partnership between the state and local communities to meet joint challenges. This system would include:

- I. Hold harmless previous year Medicaid billing level for participating agencies as a base amount available.
- II. Reduce participating agency's grant allocation at end of year by 30% of the amount of Medicaid billed in excess of the base amount.
- III. Transfer match contribution to Medical Assistance from DMHDD.

This proposal retains 70% of the allocation in the grant line to account for services to clients who are not Medicaid recipients. It also accounts for additional administrative costs involved in a fee for service system. The current Administration budget proposes an initial transfer of \$576,000 to meet Medicaid expenses. While this may be manageable by some of the larger community mental health centers, it has more risk of loss of patient care capacity during a year of adjustment to massive changes in the system.

Consistent with reports from consultants from Oregon who have implemented similar systems, driving too many changes too rapidly is not advisable. As stated in the initial position paper prepared by this group, it is not possible to calculate the true impact of Medicaid refinancing until we have developed regulations defining reimbursable services and rates.

Anchorage Daily News

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Howard Weaver
Editor

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Patrick Dougherty, Managing Editor

Katherine Fanning, Editor and Publisher 1971 to 1983

Lawrence Fanning, Editor and Publisher 1987 to 1971

Founded in 1946 by Norman C. Brown

Halfway houses

Don't close the one we've got

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

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

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

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

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

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

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

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

H B

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FISCAL NOTE

STATE OF ALASKA

BILL NO. CSHB 573 (FIN)

1992 LEGISLATIVE SESSION

Revision Date: April 17, 1992

Department Affected: Administration

Title: An Act relating to state and municipal programs

BRU: Pioneers' Benefits

Component: Longevity Bonus Program

Sponsor: House Finance Committee

COMPONENT

0	0	2	7
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Requestor: House Finance Committee
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	5.0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	5.0	0	0	0	0	0

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

GENERAL FUND	5.0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	5.0	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.)

Prepared by: Dennis L. DeWitt, Director *Dennis L. DeWitt* Phone: 465-4400
Division: Pioneers' Benefits Date: April 17, 1992

Approved by Commissioner: Nancy Bear Usara
Agency: Administration Date: 4/23/92

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

Administration

The computer software for the Longevity Bonus Program would be modified to provide the correct amounts to the recipients.

Contractual Expenses (in \$1,000s)

Software	5.0
Total	\$5.0

Alaska State Legislature

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

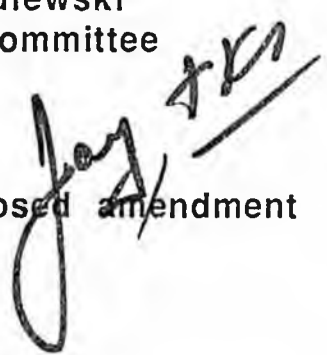
State Capitol
Juneau, AK 99801-1182
(907) 465-1200
(907) 463-3066 Fax

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Sen. Dick Shultz
Sen. Rick Uehling

Senate Finance Committee

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

TO: Senator Arliss Sturgulewski
Chair, Senate HESS Committee

FROM: Senator Jay Kerttula 

SUBJECT: House Bill 573 - proposed amendment

DATE: April 29, 1992

I would like to request the Senate HESS Committee's consideration of the attached proposed amendment to CSHB 573(Finance).

This amendment would delete the bill section authorizing the proration of the longevity bonus payment.

Thank you for your consideration of this request.

JK:pt
enclosure

Alaska State Legislature



Official Business

Senator Al Adams

WHILE IN SESSION
State Capitol
Juneau, Alaska 99801-1182
(907) 465-3707
Fax 463-4867

OUT OF SESSION
P.O. Box 333
Korzebue, Alaska 99752
(907) 442-3245

MEMORANDUM

To: Senator Jalmar Kerttula
Co-Chairman
Senate Finance Committee

From: Senator Al Adams *AAA*
Chairman
Dept. of Health & Social Services
Budget Subcommittee
Senate Finance Committee

Date: April 27, 1992

Subj: Statutory Changes Necessary to Implement FY 93 Senate
Budget--CS HB 573 (Fin)

Committee Substitute for House Bill 573 (Finance) as passed by the House includes three sections relating to the Department of Health & Social Service's FY 93 budget.

Section 8 of the bill includes language necessary to implement the provisions of the House and Senate budgets which would allow the state to be reimbursed by the federal government for interim assistance payments the state makes to individuals who are awaiting a federal disability determination. Once an individual is determined to be eligible for disability payments, the state would deduct from the individual's retroactive federal lump-sum settlement the amount the state had paid to that individual in interim assistance. A more detailed explanation of this change is attached.

Section 10 of the bill passed by the House provides for a three-year suspension of cost-of-living allowances for recipients of Aid to

Honorable Jalmar Kerttula
Page 2

Families with Dependent Children and Adult Public Assistance. Both the House and Senate budgets assume the suspension of COLAs in FY 93. It is the desire of a majority of the Senate budget subcommittee to limit this suspension to only one year however.

Section 11 of the bill as passed by the House provides for a ratable reduction to AFDC and Adult Public Assistance for up to three years. The Senate budget does not recommend implementation of a ratable reduction in these programs.

CS HB 573 (FIN) is scheduled for a hearing in the Senate Health, Education and Social Services Committee on Wednesday, April 29. At that time it is my intention to offer an amendment on behalf of the Senate budget subcommittee which would change section 10 of the bill to provide for a one-year suspension of COLAs and to delete section 11 relating to ratable reductions. Section 8 of the bill would remain as passed by the House.

This amendment would conform to the FY 93 budget for the Department of Health & Social Services as adopted by the Senate Finance Committee.

If you have any questions or I can provide any additional information on this matter, please don't hesitate to contact my office.

cc: Senator Pat Pourchot
Senator Arliss Sturgulewski

Alaska State Legislature

Mike Navarre
Co-Chair
(907) 465-3706

INTERIM ADDRESS

34824 Kalifornsky Beach Rd.
Soldotna, Alaska 99669
(907) 262-7842



Eileen MacLean
Co-Chair
(907) 465-3722

INTERIM ADDRESS

P O Box 290
Barrow, Alaska 99723
(907) 852-7111

House of Representatives

Committee on Finance
P.O. Box V, Juneau, Alaska 99811

April 22, 1992

Senator Arliss Sturgulewski, Chairman
Senate Health and Social Services Committee
Alaska State Legislature

Dear Senator Sturgulewski:

HB 573 has been referred to the Senate Health and Social Services Committee for hearing. As you are probably aware, HB 573 was a House Finance Committee bill designed to make the necessary changes to state benefit programs to implement the budget recommendations of the House and developed in conjunction with the House Finance plan for the FY93 operating budget.

While many aspects of the bill are potentially controversial, there are many other provisions which are not. We respectfully request that you schedule this bill for immediate hearing so that all aspects may be considered and the bill may continue on its way to the Senate Finance Committee for consideration as the Senate completes its work on the FY93 spending plan.

Sincerely,

A handwritten signature in cursive script that reads "Mike".

Mike Navarre, Co-Chair
House Finance Committee

4/18

~~Pat Jackson~~ ✓

Bill Beagles 789-7099
Pres. Nat. Assoc. of Soc. Workers
HB 573 - ask for HESS referral

~~Laura Flemming~~

Andrea Story 789-4292
HB 573, would like HESS referral

Sharon Rebar
Catholic Community Services
HB 573, would like HESS

~~Richard
Linda Snow~~

Sheri Goll would
like HESS
referral for
HB HB573

Sec 11 - delete
Sec 10 - 1 yr

↓
Elmer
with
annual
on 12/31
by 1/15
1/15/02

MEMORANDUM

30 April 1992

TO: Senate HESS Committee Members

FROM: Staff

Attached are the amendments so far offered to HB 573:

1. Amendment #1 by Senator Adams. Adoption of these amendments will bring this legislation into conformance with the Senate HSS budget subcommittee.
2. Amendment #2 by Senator Kerttula. Removes section allowing for pro-rata of longevity bonus payments.
3. Amendment #3 by Senator Hoffman. Removes eligibility for a death gratuity in the event of eligibility for federal benefits.

While no amendment was offered, it should be noted that the Older Alaskans Commission is opposed to section 5 of the bill.

AMENDMENT #1

OFFERED IN THE SENATE
TO: CSHB 573 (FINANCE)

BY SENATOR ADAMS

Page 4, line 7 through page 5, line 21:

Delete all material and insert:

"* Sec. 10. ONE-YEAR LIMITATION ON GRANTING COLA FOR AFDC AND ADULT PUBLIC ASSISTANCE. (a) Notwithstanding AS 47.25.320(d), the Department of Health and Social Services is not required to increase the monetary maximums in AS 47.25.320(a) on January 1, 1993, because of a cost-of-living increase in benefits under 42 U.S.C. 1381 - 1383d. On January 1, 1993, the department may increase the monetary maximums in AS 47.25.320(a) by a percentage that does not exceed the percentage increase in benefits under 42 U.S.C. 1381 - 1383d on January 1, 1993, but only if the department determines by November 15, 1992, that sufficient money has been appropriated to fund the increase in monetary maximums for the first six months of 1993.

(b) Notwithstanding AS 47.25.430(b), the Department of Health and Social Services is not required to increase the state's contribution to recipients under AS 47.25.430 on January 1, 1993, because of a cost-of-living increase in benefits under 42 U.S.C. 1381 - 1383d. On January 1, 1993, the department may increase the state's contribution to recipients under AS 47.25.430 by a percentage that does not exceed the percentage increase in benefits under 42 U.S.C. 1381 - 1383d on January 1, 1993, but only if the department determines by November 15, 1992, that sufficient money has been appropriated to fund the increase in the state's contribution for the first six months of 1993."

Renumber the following bill sections accordingly.

Page 5, line 24:

Delete "12"

Insert "11"

Page 5, line 25:

Delete "13"

Insert "12"

AMENDMENT #2

OFFERED IN THE SENATE

BY SENATOR KERTTULA

TO: CSHB 573 (FINANCE)

Page 3, line 25 through page 4, line 5:

Delete all material.

AMENDMENT #3

OFFERED IN THE SENATE

BY SENATOR HOFFMAN

TO: CSHB 573 (FINANCE)

Page 1, line 8 through page 2, line 1:

Delete all material and insert:

"* Sec. 2. AS 26.10.080(c) is amended to read:

(c) The Department of Military and Veterans' Affairs may not pay a death gratuity unless the veteran for whom payment is made

(1) received an honorable discharge or a general discharge under honorable conditions; and

(2) is ineligible for a federal funeral or burial benefit under 38 U.S.C. 901 - 907."

State & Municipal Programs that Benefit Entities or Individuals

Sec	Description	Necessary for Senate Budget
1	Allows property exempted under optional Sr. Citizen's Property Tax Exemption to be exempt from full and true valuation	No
2	Amends death gratuity benefits from \$750.00 to \$350.00	No
3,4,5	Establishes the Sr. Citizen Property Tax Exemption as an optional exemption on the part of municipalities	No
6,7	Excludes state and federal buildings for purposes of power cost equalization	Yes
8	Requires repayment of Adult Public Assistance (APA) payments made prior to eligibility for SSI	Yes
9	Provides for proration of Longevity Bonus Payments	No
10	Provides for a three year suspension of COLA for AFDC and Adult Public Assistance	Yes (with amendment to 1 year)
11	Allows ratable reductions to AFDC and Adult Public Assistance for three years	No
12	Repeals existing Sr. Citizen Property Tax Exemption	No
13	Makes effective date for Sr. Citizen Property Tax Exemption effective with the calendar year to conform to previous cycle	No

CSHB 573 (Finance)

Section 1: Allows property exempted under optional Sr. Citizen's Property Tax Exemption to be exempt from full and true valuation.
(see analysis of Sec. 3 for savings)

Section 2: Amends the death gratuity from \$750.00 to \$350.00
Savings: \$126.0
(Future year savings will be significant due to increasing number of elderly veterans)

Sections 3,4,5: Establishes the Sr. Citizen Property Tax Exemption as an optional exemption on the part of municipalities.
Savings: \$3,658.8
(Savings reflects both the Sr. Citizen's Property Tax Exemption and no longer funding the renter's rebate)

Section 6,7: Excludes state and federal buildings for purposes of power cost equalization.
Savings: \$2,000.0
(Savings reflects the increase in the base rate done by regulation and the elimination of state and federal buildings from the subsidy)

Section 8: Requires repayment of APA payments made prior to eligibility for SSI.
Savings: \$434.0

Section 9: Provides for proration of Longevity Bonus Payments.
Savings: \$7,154.5

Section 10,11: Provides for a three year suspension of LA and allows ratable reductions during the same period for and Adult Public Assistance.
Savings: \$6,962.6
(FY93 savings reflects only 1/2 year COLA costs. Savings in future years would increase by \$1,367.8)

Section 12: Repeals existing Sr. Citizen Property Tax Exemption.

Section 13: Makes effective date for Sr. Citizen Property Tax Exemption effective with the calendar year to conform to previous cycle.

OK
Opposes

OK

OK

OK

OK

Kaplan

Allens

for 87095k

LA and Adult

Section 14: Provides for effective date for remainder of bill.

Total General Fund impact: \$20,335.6

SENATE CS FOR CS FOR HOUSE BILL NO. 573 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state and municipal programs that provide a financial benefit to
2 entities and individuals, including an exemption from municipal property taxation for
3 certain primary residences; and providing for an effective date."

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

5 * Section 1. AS 14.17.140 is amended by adding a new subsection to read:

6 (c) The Department of Community and Regional Affairs may not include property
7 exempted under AS 29.45.052 when making the full value determination under (a) of this section.

8 * Sec. 2. AS 26.10.080(c) is amended to read:

9 (c) The Department of Military and Veterans' Affairs may not pay a death gratuity unless
10 the veteran for whom payment is made

11 (1) received an honorable discharge or a general discharge under honorable
12 conditions; and

13 (2) is ineligible for a federal funeral or burial benefit under 38 U.S.C. 901 -

14 907.

1 * Sec. 3. AS 29.45.030(k) is amended to read:

2 (k) The department shall adopt regulations to implement the provisions of [(g) AND] (j)
3 of this section.

4 * Sec. 4. AS 29.45.040(f) is amended to read:

5 (f) In this section "disabled veteran" has the meaning given in AS 29.45.052(b)
6 [AS 29.45.030(i)].

7 * Sec. 5. AS 29.45 is amended by adding a new section to read:

8 Sec. 29.45.052. OPTIONAL EXEMPTION FOR CERTAIN PRIMARY RESIDENCES.

9 (a) The real property owned and occupied as the primary residence and permanent place of
10 abode by a resident of the state who is (1) 65 years of age or older; (2) disabled veteran; or (3)
11 at least 60 years old who is the widow or widower of a person who qualified for an exemption
12 under (1) or (2) of this subsection, may by ordinance be exempted from taxation on all or part
13 of the assessed value of the real property. The ordinance may base the exemption on hardship.
14 Only one exemption may be granted for the same property, and, if two or more persons are
15 eligible for an exemption for the same property, the exemption may not be granted unless the
16 parties decide between or among themselves who is to receive the benefit of the exemption. Real
17 property may not be exempted under this subsection if the local assessor determines, after notice
18 and hearing to the parties, that the property was conveyed to the applicant primarily for the
19 purpose of obtaining the exemption. The determination of the assessor may be appealed to the
20 superior court under procedures set out in AS 44.62.560 - 44.62.570.

21 (b) In this section,

22 (1) "disabled veteran" means a disabled person separated from the military service
23 of the United States under a condition that is not dishonorable, whose disability was incurred or
24 aggravated in the line of duty in the military service of the United States, and whose disability
25 has been rated as 50 percent or more by the branch of service in which that person served or by
26 the Veterans' Administration;

27 (2) "real property" includes mobile homes, whether classified as real or personal
28 property for municipal tax purposes.

29 * Sec. 6. AS 44.83.162(c) is amended to read:

30 (c) An eligible electric utility is entitled to receive power cost equalization for

31 (1) sales of power to local community facilities, calculated in the aggregate for

1 each community served by the electric utility, for actual consumption of not more than 70
2 kilowatt-hours per month for each resident of the community; and

3 (2) actual consumption of not more than 750 kilowatt-hours per month sold to
4 each customer in all classes served by the electric utility except to customers of the utility under
5 (1) of this subsection and customers that are state or federal offices or state or federal
6 facilities.

7 * Sec. 7. AS 44.83.162(e) is amended to read:

8 (e) An electric utility whose customers receive power cost equalization under this section
9 shall set out in its tariff the rates without the power cost equalization and the amount of power
10 cost equalization per kilowatt-hour sold. The rate charged to the customer shall be the difference
11 between the two amounts. Power cost equalization paid under this section shall be used to reduce
12 the cost of all power sold to local community facilities, in the aggregate, to the extent of 70
13 kilowatt-hours per month per resident of the community, and to reduce the cost of the first 750
14 kilowatt-hours per customer per month for all other classes served by the electric utility except
15 state or federal offices and state or federal facilities.

16 * Sec. 8. AS 47.25.455 is amended by adding new subsections to read:

17 (c) As a condition of applying for assistance under this section, an applicant must agree
18 to repay the state for assistance granted under this section upon receiving a benefit under 42
19 U.S.C. 1381 - 1383d for a month in which assistance was granted under this section. However,
20 a repayment required for a month under this subsection may not exceed the amount of assistance
21 received under 42 U.S.C. 1381 - 1383d for that month.

22 (d) Beginning the month following the month in which a person is determined to be
23 eligible for benefits under 42 U.S.C. 1381 - 1383d, the department shall terminate benefits to that
24 person under this section and begin payments to the person under AS 47.25.430.

25 * Sec. 9. ONE-YEAR LIMITATION ON GRANTING COLA FOR AFDC AND ADULT PUBLIC
26 ASSISTANCE. (a) Notwithstanding AS 47.25.320(d), the Department of Health and Social Services
27 is not required to increase the monetary maximums in AS 47.25.320(a) on January 1, 1993, because of
28 a cost-of-living increase in benefits under 42 U.S.C. 1381 - 1383d. On January 1, 1993, the department
29 may increase the monetary maximums in AS 47.25.320(a) by a percentage that does not exceed the
30 percentage increase in benefits under 42 U.S.C. 1381 - 1383d on January 1, 1993, but only if the
31 department determines by November 15, 1992, that sufficient money has been appropriated to fund the

1 increase in monetary maximums for the first six months of 1993.

2 (b) Notwithstanding AS 47.25.430(b), the Department of Health and Social Services is not
3 required to increase the state's contribution to recipients under AS 47.25.430 on January 1, 1993, because
4 of a cost-of-living increase in benefits under 42 U.S.C. 1381 - 1383d. On January 1, 1993, the
5 department may increase the state's contribution to recipients under AS 47.25.430 by a percentage that
6 does not exceed the percentage increase in benefits under 42 U.S.C. 1381 - 1383d on January 1, 1993,
7 but only if the department determines by November 15, 1992, that sufficient money has been
8 appropriated to fund the increase in the state's contribution for the first six months of 1993.

9 * Sec. 10. AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(h), and
10 29.45.030(i), are repealed.

11 * Sec. 11. Sections 1, 3 - 5, and 10 of this Act take effect January 1, 1993.

12 * Sec. 12. Except as provided in sec. 11 of this Act, this Act takes effect July 1, 1992.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

May 4, 1992

SUBJECT: State Benefit Programs; Over-inclusive Title
(SCS CSHB 573(HES))

TO: Senator Arliss Sturgulewski

FROM: Terri Lauterbach 
Legislative Counsel

Enclosed is a work draft of SCS CSHB 573(HES) that retains the sections relating to the municipal property tax exemption for senior citizens and disabled veterans.

You have asked my opinion as to whether the bill would be fatally flawed if the committee decided, instead, to remove the sections relating to the municipal property tax exemption while leaving the bill's title as it appeared in CSHB 573(FIN). That is, you have asked for an explanation of the effect of an over-inclusive title where the title would refer to the property tax exemption but no part of the bill would affect the exemption.

In my opinion, this particular over-inclusive title would have a high probability of invalidating the entire Act, if the Act were challenged on that basis, because a court could easily find the title to be misleading or deceptive.

While there have been a number of instances in which various courts have upheld over-inclusive titles (see attached memo from Pamela Finley), the rule applied by the courts has been one involving whether the title was misleading or deceptive. I agree with the conclusion of the Finley memo that "the more specific the description of the 'missing' item, the more likely it is that a court will find the title deceptive or misleading." (Page 3 of enclosed Finley memo.)

In the case of SCS CSHB 573(FIN), the title that came from the House very specifically refers to the bill as "relating to state and municipal programs... **including an exemption from municipal property taxation for certain primary residences.**" Given this very specific wording, I think it very likely that a court would find the title deceptive if the bill did not in some way relate to the exemption. As the Finley memo points out, an Alaska court may be even more likely to reach this conclusion

Senator Arliss Sturgulewski

May 4, 1992

Page 2

than the court of another state because this legislature's Uniform Rules against title changes in the second house have encouraged legislators in the first house to rely on the title when deciding whether to concur in the amendments by the second house. If language about the exemption was still in the bill's title when it was returned for concurrence, an Alaska court may very well find that the first house probably relied on the bill containing at least one provision relating to the exemption. If the bill does not contain such a provision, the court could find the title misleading or deceptive and invalidate the entire Act.

It would be very simple to amend this bill in a way that would not lead to an over-inclusive bill title and still achieve the primary aim of retaining the mandatory municipal property tax exemption in current law. The committee could simply change a minor aspect of the exemption, such as the amount of the residence's value that could be exempted (the first \$149,000 instead of the first \$150,000, for instance) or the date by which a claimant must file (January 30 instead of January 15, for instance).

I hope you find this discussion of the issue helpful as you consider your options. Please let me know if I can be of further assistance.

TML:lmb
92-100.lmb

Enclosure

COPY

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH v STATE CAPITOL
JUNEAU ALASKA 99811
207 465 3800

MEMORANDUM

March 13, 1990

SUBJECT: Effect of Overinclusive Title

TO:

FROM: Pamela Finley
Assistant Revisor of Statutes

You asked whether an overinclusive title (e.g., one that specifically mentions A and B when the body of the act deals only with A) will invalidate the entire act under article II, sec. 13 of Alaska's constitution. The short answer is that the act will be valid unless the omission makes the title misleading or deceptive. E.g., Lowery v. Red Cab Co., 262 S.W. 147, 149 (Tex. Ct. Civ. App. 1924). Whether a particular title will be misleading or deceptive because it mentions something that is not included in the body of the act will depend on the particular facts of the case, and therefore it will always be risky to have an overinclusive title. However, the courts have been rather tolerant of overinclusive titles, even when the title specifically mentioned something that was not in the body.

Many courts have upheld acts where the title indicated a general subject, but the body of the bill addressed only a subset of that general subject. Suber v. Alaska State Bond Committee, 414 P.2d 546, 556-557 (Alaska 1966) (Grants to homeowners whose property was destroyed or severely damaged by the Good Friday Earthquake); State v. Hertzog, 146 So.2d 149 (La. 1962); Seaboard Air Line Ry. v. Simon, 47 So. 1001 (Fla. 1908) (Title referred to "any common carrier" but body covered only railroads); State v. Dolan, 92 P. 995 (Idaho 1907) (Title listed making Sunday a day of rest; act need not prohibit all secular labor on Sunday.)

In addition, courts have upheld acts in which the title specifically mentioned something that was not found in the body of the act. In Watts v. Oliphant, 143 S.E.2d 813 (S.C.

1965), the court upheld an act authorizing bonds not exceeding 12% of the property value even though the title specified bonds not exceeding 20% of the property value. The court reasoned that 20% included 12%. In Doyle v. King, 44 S.E.2d 608 (S.C. 1947) the title of the act in question authorized remodeling of buildings that might be purchased or were already owned, as well as the construction of new buildings. The body of the act authorized only new construction. The court held that the new construction authorized by the body of the act was valid. In Markendorf v. Friedman, 133 S.W.2d 516 (Ky. Ct. App. 1939), app. dismissed, 309 U.S. 627, 84 L.Ed. 987(1940), the court ruled that the body of an act dealing only with "appliances" for the prevention of venereal diseases was valid, despite the fact that the title also included drugs and medicinal preparations. In Commonwealth v. Florence, 232 S.W. 369 (Ky. 1921), the court upheld an act despite the fact that the title inaccurately listed the statutes that were being repealed. Finally, in Lowery v. Red Cab. Co., 262 S.W. 147 (Tex. Ct. Civ. App. 1924), the court upheld an extra registration fee imposed on all motor vehicles for hire. The title of the act had mentioned registration generally and had specifically mentioned an extra fee for vehicles with more than seven seats. The body of the act did not impose an extra fee on vehicles having more than seven seats, but did impose an extra fee on motor vehicles for hire. The court reasoned that the general reference to registration fees was sufficient to describe the extra fee on vehicles for hire and that the surplusage in the title was not deceptive because one could not reasonably assume that the provision relating to more than seven seats applied only to vehicles for hire.

Reeves v. Adam Hat Stores, 198 S.W. 2d 789 (Ky. Ct. App. 1946) is the only case I have found in which the court held that an arguably overbroad title was misleading. In this case the title stated that the act regulated chain stores, but the body contained nothing but taxes on chain stores. The court mentioned the rule that the title can be broader than the act, but held that the title was misleading because the body of the act did not contain any regulatory measures. However, it appears that the basis for the court's decision was its belief that taxes were not included within the term "regulation." Accordingly, this case may provide an example of a title that fails to include the subject covered by the body of the bill, rather than an example of an overbroad title that was misleading.

Despite the fact that case law indicates judicial tolerance of titles that include things the body of the act does not include, I suspect that the more specific the description of the "missing" item, the more likely it is that a court will find the title deceptive or misleading. The provisions of Uniform Rules 24, 35, 41, and 42 (that prohibit amendments in the second house if the amendment requires a title change) may also affect the decision of Alaska's courts, not because the court would take it upon itself to enforce the Uniform Rules, but because those rules encourage legislators to rely on the title when deciding whether to concur in amendments by the second house.

To summarize, the general rule is that an act will be valid, despite the fact that the title lists material not included in the body of the act, unless the title is misleading or deceptive.

PF:lmb
L10/012

RY91/FY 92 Property Tax Equivalency Program (Renter Rebate) Statewide Breakdown

BOROUGHES	SENIORS	DISABLED VETERAN	TOTAL NO. APPLICANT	REBATE \$	AVG. \$ PYMNT PER APPL.
ANCHORAGE	481	61	542	502,182.75	927
FAIRBANKS NSB	108	13	121	104,619.14	865
HAINES	5	0	5	1,780.04	356
JUNEAU	112	5	117	90,274.33	772
KENAI PENINSULA	84	3	87	36,905.55	424
KETCHIKAN GATEWAY	32	1	33	22,050.38	668
KODIAK ISLAND	34	1	35	9,096.32	260
MAT-SU	38	7	45	32,460.55	721
SITKA	18	0	18	5,661.20	315
BOROUGH SUBTOTAL	912	91	1,003	805,030.26	803
CITIES					
CORDOVA	1	0	1	261.45	261
CRAIG	2	0	2	136.56	68
NENANA	1	0	1	501.04	501
PELICAN	2	0	2	242.82	121
PETERSBURG	5	1	6	2,776.79	463
SKAGWAY	1	0	1	294.29	294
VALDEZ	1	0	1	346.69	347
WRANGELL	7	0	7	2,901.16	414
CITIES SUBTOTAL:	20	1	21	7,460.80	355
STATEWIDE TOTAL:	932	92	1,024	\$812,491.06	\$793
SENIORS	932				
DISABLED VETERANS	92				
COMB. APPL. TOTAL:	1,024				

ORIGINAL BUDGET:	820,000.00
Less FY91 Late Appl. Payment:	798.00
Final FY92 Budget Balance:	819,202.00
COMB. TAX EXEMPT. TOTAL:	812,491.06
Reserve for LF:	6,710.94

No. of Rebates	Rebate \$ Amount
Highest rebate:	3,045
18	over 2,000
50	over 1,500
Stwd. Rebate Avg.	793

Senior Citizen/Disabled Veteran Property Tax Exemption (AS 29.45.030 (e) (i))

Program mandates that municipalities may not tax the first \$150,000 of assessed value of an eligible person's "primary residence and permanent place of abode."

Program was initiated in 1973--lost tax impact on municipalities was \$197,050 which was fully reimbursed by the state.

- FY 92:
- ✓ lost tax revenue to municipalities \$11,200,000;
 - ✓ state reimbursed \$2,838,800 or 25.3%;
 - ✓ tax revenue shortfall to municipalities \$8,361,200;
 - ✓ 33 municipalities potentially affected
- FY 93:
- ✓ estimated tax revenue lost to municipalities \$12.6 million
 - ✓ state reimbursement (proposed budget same as FY 92) ?????
- Issues:
- ✓ Should the state continue to mandate the property tax exemption?
 - ✓ Should the state allow this to be a local option?
 - ✓ If the mandate continues, should it be fully funded by the state?
 - ✓ If the mandate is repealed, should the state provide some property tax relief to senior citizens and disabled veterans through a rebate on taxes paid?
 - ✓ Should state provided property tax relief be a needs based (e.g. "circuit breaker") program?
 - ✓ What other options are possible? (see chart)
 - ✓ AML favors repeal of the exemption with any state support as a rebate.

NOTE: If the senior citizen/disabled veteran tax exemption program is amended or repealed, the companion program for renters (AS 29.45.040) should also be amended or repealed accordingly.

Senior Citizen and Disabled Veteran Property Tax Exemption Program Options

PROS

CONS

A. DO NOTHING

1. SC's/DV's retain benefit

1. Cost to State \$3 million
2. Cost to Munis \$8 million

B. REPEAL

1. State saves \$3 million
2. Munis save \$8 million
3. SC'S/DV'S get IRS deduction

1. Some SC's/DV's lose benefits
2. Only state in the U.S. without benefit
3. Added to Full Value Determination

C. DEFERMENT/LIEN

1. State saves \$3 million
2. Munis save \$8 million in long run
3. SC's/DV's retain benefit

1. Heirs pay property tax
2. Added to Full Value Determination
3. Potential enforcement problem

D. FULLY FUND

1. Munis save \$8 million
2. SC's/DV's retain benefit

1. Cost to State \$11 million

E. REBATE IN LIEU OF EXEMPTION

1. Easy to administer
2. Munis save \$8 million

1. SC's/DV's may lose some benefit
2. Cost to the State variable
3. Added to Full Value Determination
4. Taxed by the IRS

F. OPTIONAL

1. Eliminate State's cost
2. Possible IRS deduction

1. Only State w/o statewide policy
2. Added to Full Value Determination
3. Non-uniform tax treatment (muni to muni, homeowner to renter)
4. Some SC's/DV's lose benefit

G. CIRCUIT BREAKER

1. Some SC's/DV's retain benefit
2. State savings variable
3. Munis savings variable
4. Partial or total IRS deduction

1. SC's/DV's must provide IRS return
2. Partial addition to Full Value Determination

H. REDUCE \$150,000 CAP

1. Partial IRS deduction
2. Some savings to State and Munis

1. SC's/DV's lose some benefit
2. Savings depends on level of cap
3. Partial addition to Full Value Determination

I. EXEMPTION BASED ON REIMBURSEMENT BY STATE

1. Munis save \$8 million
2. SC's/DV's save amount reimbursed by the State
3. Partial IRS deduction

1. Cost to state \$3 million
2. Partial addition to Full Value Determination
3. SC's/DV's pay \$8 million

J. EXEMPTION BASED ON REIMBURSEMENT

1. Munis save \$5 million
2. Partial IRS deduction

1. Cost to state \$3 million
2. Cost to munis \$3 million
3. SC's/DV's pay \$5 million

TABLE 14

**SENIOR CITIZEN AND DISABLED VETERAN
PROPERTY TAX EXEMPTION PROGRAM HISTORY
AS 29.45.030(e) - (i)**

State law exempts real property owned and occupied as a permanent home by a resident 65 years of age or over or by a disabled veteran. The exemption applies to the first \$150,000 of assessed valuation.

Ten-year Performance Summary

FISCAL YEAR	NO. OF APP.'S APPROVED	TOTAL EXEMPT ASSESSED VALUE (\$)	TOTAL MUNICIPAL REIMBURSEMENT (\$)	AVERAGE EXEMPT VALUE (\$) PER APP.	AVERAGE EXEMPT TAX (\$) PER APP.
1982	4,147	277,154,113	1,757,887	66,832	424
1983	4,893	324,220,034	2,092,317	66,262	428
1984	5,156	392,215,073	3,146,618	76,070	610
1985	5,418	478,983,142	4,005,075	88,406	739
1986	6,061	609,947,921	3,958,567 *	100,635	821
1987	6,569	737,706,208	2,770,300 *	112,301	963
1988	7,118	760,355,699	2,622,969 *	106,822	949
1989	7,900	598,877,461	2,519,344 *	75,807	945
1990	8,557	606,951,397	2,543,469 *	70,930	1,008
1991	9,246	665,058,233	2,557,900 *	71,929	1,037

* Represents available funds; actual reimbursement requests exceeded funding level.

DEPARTMENT OF ADMINISTRATION

POSITION PAPER

HB 573

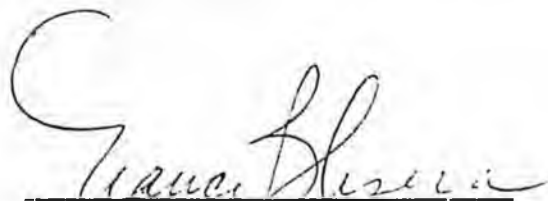
The Department of Administration wishes to state its position on certain sections of HB 573 and to go on record as supporting the bill.

Sections 1, 3, 4, 5, 12, and 13 provide for changes in the property tax exemption of all seniors and disabled veterans and allow for local option. A taxing entity could elect to continue, discontinue, or place restrictions on the payment of local property taxes by these groups.

Under current law, the State requires local governments to exempt all seniors and disabled veterans (disability must be at least 50%) from the local property tax on their primary residence up to an assessed value of \$150,000. For several years the State has funded about 26% of the tax resources which placed the burden of 74% on other tax payers in the municipality. There is currently no criteria other than age of the senior and physical disability of the veteran exemptions. The burden of paying a higher millage rate is shifted to other property owners regardless of their circumstances or ability to pay.

HB 573 allows the local government control over their property taxation authority. Local option could allow for the differences in the communities. Exemptions could be made considering the total population rather than a segment. Local, as well as State revenue is declining; the State is reducing its municipal grants in all areas. The local governments must have the authority to generate revenue through taxation without placing undue hardships on any group.

The sections referenced in HB 573 provide the taxing governments the opportunity to have local option on a vital tax issue which generates revenue for necessary services to the entire community. The Department of Administration supports the passage of this bill.



Nancy Bear Usera
Commissioner
Department of Administration

Date: 4-29-92

DEPARTMENT of HEALTH and SOCIAL SERVICES
Division of Public Assistance
April 23, 1992

Adult Public Assistance/Interim Assistance Program Change

Alaska is among a number of states that pay state-funded Interim Assistance to Supplemental Security Income (SSI) applicants while the Social Security Administration is processing their applications. SSI regulations allow for such states to be reimbursed for their Interim Assistance costs out of the retroactive SSI entitlements of applicants who are ultimately found eligible for federal SSI benefits.

Under existing state law, Alaska applicants for Adult Public Assistance receive Interim Assistance for an average of 8.8 months before a decision is made on their eligibility for SSI benefits. The Interim Assistance case is converted retroactively to Adult Public Assistance, effective with the date of APA application, after the SSI decision is made. Interim Assistance recipients receive \$280 per month.

When an Interim Assistance recipient is determined retroactively eligible for SSI and APA, he is entitled to retroactive SSI benefits of \$422 per month and retroactive APA benefits of \$362 per month. The retroactive APA payment is reduced to \$82 per month because the individual has already received \$280 in Interim Assistance.

The changes in AS 47.25.455 proposed in CS HB 573 (Finance) would enable DHSS to effectively recover Interim Assistance benefits from the retroactive SSI benefits of APA applicants who are found eligible for SSI. APA applicants would be required to agree to have their retroactive SSI benefits paid to DHSS to reimburse the state for the Interim Assistance they would receive. There would be no retroactive entitlement to regular APA benefits.

\$280 of the monthly retroactive SSI benefit would be collected by DHSS, and the remaining \$142 in retroactive SSI would be paid to the client. The resultant net savings of \$362 per client month for APA applicants who are found eligible for SSI would reduce APA expenditures by 434.0 in FY 93.

STATE OF ALASKA

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

WALTER J. HICKEL, GOVERNOR

P.O. BOX L
JUNEAU, ALASKA 99811-0900

April 28, 1992

Senator Lyman Hoffman
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Hoffman,

As part of the effort to reduce state government expenses, while providing improved service to Alaska's veterans, I would appreciate your consideration of a suggestion concerning the veterans death gratuity program and the veterans service officer program. Briefly stated, the idea is to increase the funding for the veterans service officer program, and pay for it with a reduction in persons eligible for the death gratuity program. There would also be a net savings to reduce the overall state budget as well.

The veterans service officer program is one of the highest payback programs in state government. For every dollar of state expenses, we recover at least \$35 of medical benefits which directly help Alaska's veterans. Most of these dollars are paid to Alaska health care professionals. State veterans organizations have long been lobbying for increased funds for this program. With the aging of Alaska's veterans population, and the addition of many new veterans due to the downsizing of the military, the need for these services will increase significantly.

I believe the present House Bill 573 that is currently in Senate HESS is unattractive to most veterans and veterans organizations. It reduces all veterans death gratuity payments from \$750 to \$350. Granted, this reduces the budget temporarily. But the effect of it is that no one is happy. I believe the bill could be changed and everyone would be mostly happy, and we would trim dollars from the budget as well.

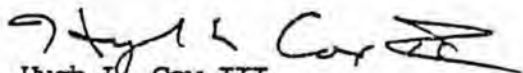
I am suggesting that the presently authorized death gratuity of \$750 be paid in full to Alaska veterans (veterans of the Territorial Guard and National Guard), that the federally entitled veterans eligibility for a death gratuity be eliminated completely, but that more money be provided to hire veterans service officers. The federally entitled veteran is provided burial fees, burial plot, and headstone by the federal government, along with other federal benefits. Alaska Territorial Guard and National Guard veterans do not get anything from the federal government.

Attached to this letter is a suggested amendment to HB573. The amendment would accomplish the elimination of federal veterans from the state death gratuity program. Also attached is supporting documentation from my legal staff which validates the language suggested, and lists the other federal benefits that "state" veterans are not entitled to receive.

An additional attachment to this letter is a suggested amendment to the budget for veterans affairs as it currently stands in Senate Finance. The amendment reduces the death gratuity program from \$270,000 to \$37,500. The amendment puts \$115,000 of the savings back into the service officer grant program, and eliminates the balance, \$117,500, from the state budget.

Thank you for your consideration of this suggestion. Please feel free to contact me for any additional information or discussion on this issue.

Sincerely,



Hugh L. Cox III
Commissioner

cc: Senator Jay Kerttula
Senator Curt Menard

[JM/HOFFLIRI]

*50% of savings into service
officer grant program
take approp steps*

Federal Veterans Benefits

To be eligible for most federal veteran's benefits, one must have served at least 181 consecutive days of active military service. For veterans who joined after 1980, the service requirement is at least two years. State veterans are those who have served only in the Alaska National Guard, or Alaska Territorial Guard, but have not served the minimum number of consecutive days federal service. The following are entitlements that federal veterans are eligible to receive, but which state veterans are not eligible for. Federal veterans with service-connected disabilities are eligible for additional benefits above those listed below:

1. Federal burial in a National cemetery, a headstone (regardless of burial location), a burial flag, and a burial allowance of \$300.
2. Medical and VA hospitalization benefits, depending on income level
3. Job counseling and employment assistance
4. VA home loan guarantees.
5. Educational assistance for up to 10 years after discharge.
6. Pension program for disabled veterans with limited income, whose disability was not service related.

Branch Office:
3601 C St., Ste. 260
Froner Bldg.
Anchorage, AK 99503
(907) 563-5654
FAX: 562-3040



Main Office:
P.O. Box 110209
Juneau, AK 99811-0209
(907) 465-3250
FAX: 465-4716

Older Alaskans Commission

POSITION PAPER ON COMMITTEE SUBSTITUTE FOR HOUSE BILL 573 (FINANCE)

"An Act relating to state and municipal programs...including an exemption from municipal property taxation for certain primary residences;..."

The Older Alaskans Commission (OAC) wishes to state its opposition to section 5 of this bill. This section sets up an option for taxing municipalities to exempt from local property taxes the primary residence of a senior or disabled veteran. This section would allow each separate taxing government in Alaska to exempt all--or none--of the seniors and disabled veterans, or to set up some sort of locally defined "hardship exemption."

Section 5 of this bill replaces current state law which exempts all seniors and disabled veterans from local property taxes on the first \$150,000 of assessed value of the person's primary residence. Under the current law the State is to reimburse the local governments for the tax revenue lost by exemptions, but for the last several years, the municipalities have received reimbursement for as little as 26 % of the exemptions. This has created a significant burden on the local governments.

On the other hand, because property taxes are based on a constantly changing "valuation" of the home, and local political decisions to raise millage rates, these taxes are a very significant and unpredictable burden on the majority of seniors or disabled veterans who live on a fixed income.

Lower income seniors and veterans who can not meet their local tax bill may actually lose their homes or be left destitute after paying the taxes. If this happens, all Alaskans will pay a higher price for the medical, long term care and residential needs of these persons. One in 7 or 14% of Alaska seniors is now receiving welfare benefits, and this change would surely increase the seniors who need to ask for welfare.

Seniors and disabled veterans of moderate incomes will also be hurt by the proposal in CS for House Bill 573 (Finance). The great majority of Alaska's seniors are not wealthy, and most are stretching their limited pensions and social security checks to

the maximum to keep up with the constant increases in Alaska's high cost of living. These seniors may decide to take their assets and pension incomes and leave Alaska for a more hospitable state where the cost of living and the tax burdens on a senior are lower. Alaska will lose not only the economic assets of these seniors, but also their social contributions as the elders in families, as the caregivers of children and other seniors, and as the tireless volunteers to innumerable local churches, charities, schools and other health and social service organizations.

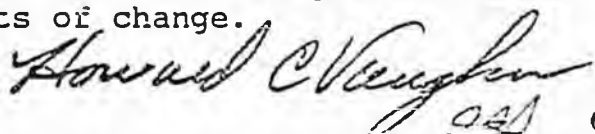
Therefore, the Older Alaskans Commission, through its legislative subcommittee, has voted to oppose CSHB 573 (Finance), specifically the sections dealing with the property tax exemptions. The Commission urges the Legislature to:

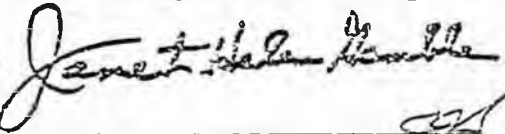
1. Leave the current property tax exemption and renters' rebate laws in place;
2. Appropriate sufficient funds to fully fund the tax exemption reimbursement to the municipalities;
3. Refrain from shifting the political or fiscal burden of this worthwhile program to the local governments.
4. Make reductions elsewhere in the cost and size of government, rather than reducing services.

In the future, should the Older Alaskans Commission be convinced that declining state revenues are inadequate to support a statewide property tax exemption program for seniors and disabled veterans, then the Commission may consider supporting a reduction in the assessed valuation to be exempted, or a "circuit-breaker" program which can alleviate the tax burden on seniors of both low and moderate incomes who are subject to a tax which is an unreasonable percentage of their available income.

House Bill 573's property tax changes are too hasty. This program is of major importance to the well-being and independence of seniors and should be given more careful thought and study of the impacts of change.

Approved:


Howard Vaughn, Chairman
Legislative Subcommittee


Janet Helen Gamble, Chairman
Older Alaskans Commission


Dated: April 24, 1992



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

May 4, 1992

TO: Senator Arliss Sturgulewski

FROM: Scott Burgess, Executive Director 

RE: Proposal for Senior Citizens/Disabled Veterans Property Tax Exemption Issue

The Alaska Municipal League still supports passage of an amendment to make the senior citizens/disabled veterans homeowners' property tax exemption a state rebate (draft legislation attached) or repeal of the program as embodied in HB 573. However, you asked me to look at a needs-based amendment. I have done some quick research in an attempt to do whatever possible to reduce the burden on other municipal taxpayers.

Based on a conversation with Steve Van Sant of the Municipality of Anchorage, I want to suggest the following concept for discussion as a way to lessen the burden on municipalities of the state-mandated property tax exemption for seniors and disabled veterans. This is basically the proposal that Steve prepared for the Mayor.

First \$30,000 -- full exemption mandated. Van Sant suggested this level to include mobile homes, which are not worth the municipality foreclosing on in case of default. Additionally, based on rough calculations, it appears that this amount would be nearly covered by the state's current appropriation level of \$2.8 million.

\$30,000 - \$120,000 -- Van Sant's proposal called for seniors/DVs to be allowed to apply for a deferment of taxes due on this property value. Taxes would be due when the property was sold.

An alternate suggestion, one that might be more palatable to the seniors, would be to require municipalities to provide either 1) a deferment program or 2) an exemption program for taxes due on property value in this range. Seniors would be able to lobby the assembly/council to establish an exemption program rather than a deferment program.

It would also be possible, and preferred by municipalities, to make exemption/deferment on the value of property from \$30,000 to \$120,000 based on hardship (see below for general discussion of hardship criteria). However, I do not think that this would be acceptable to those who don't like the current provisions of HB 573.

Senator Arliss Sturgulewski
May 4, 1992
page 2

Using either of these approaches, the legislation would need to be clear that the value of property either exempted or on which taxes were deferred would not be included in the full value determination.

Provision would have to be made so that interest could be charged on the deferred tax bill, but not penalties, in that the taxpayer would not be in default, but rather just "borrowing" the money from the municipality.

Above \$120,000 -- allow municipalities to exempt, or defer, taxes on values above this amount in cases of hardship, as they can now for values above \$150,000.

This approach is not "needs-based" in that it does not use income-based criteria. The view of Van Sant, though not necessarily officially of Anchorage nor of other municipalities, is that using income-based criteria would make the administration of a deferment or exemption program too cumbersome. Basing the exemption or deferral solely on property value criteria means that the municipality would have access to all the information needed to calculate taxes due.

Income-based criteria could require seniors requesting an exemption, or deferral, to submit a copy of their income tax form along with their application. There is some concern about those who practice "creative" tax planning and accounting and the ways in which these factors could affect their property taxes due. Van Sant feels he would have to have an accountant reviewing applications if this type of criterion were used. This could be solved by using the "Gross Income" line of the IRS form, prior to adjustments, as a base.

I am expecting some data early this afternoon from Van Sant about how this proposal would work in Anchorage, how much it would save for the municipality, etc. In addition, Judi Slajer of the Fairbanks North Star Borough has consulted with the borough's assessment and collections office and the Mayor to get their reactions to the proposal. Mayor Sampson supports the alternative proposed by Van Sant above in an effort to reduce the cost of the mandate.



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

April 30, 1992

TO: Senator Arliss Sturgulewski, Chair
and Members, Senate HESS Committee

FROM: Scott A. Burgess, Executive Director

RE: CS HB 573 (FINANCE)

AML supports CS HB 573 (FINANCE) to the extent it incorporates a solution to the Senior Citizens/Disabled Veterans Homeowners Property Tax Exemption Program, an under-funded state mandate on local government. Finding a solution to this issue has been an AML priority for several years.

This is state-mandated program, created in 1973, which reduces the local tax base without a local vote.

While the seniors and disabled veterans get their exemptions regardless of state or local action, the state has failed to return the amount of local revenue lost locally under this state program for the last EIGHT years!

For FY 93:

- The Governor's budget includes \$2.8 million for the homeowners' program, which is estimated to return only 22.5 cents for every local dollar lost, and \$820,000 for the renters' rebate program, or 80 percent of the cost. Since the renters' program is state administered, this proposed shortfall to seniors/ disabled veterans who rent does not directly affect the municipalities.
- The House budget "zeroes out" funding for the homeowners' and renters' programs.
- Senate Finance budget reduces homeowners' by 5 percent (to \$2.69 million) and zeroes out the renters' program.

We need a reality check:

- AML is not against seniors or disabled veterans or the program; this is a local control and funding issue. Either the state should make this state-granted benefit relate to the amount of state funding support, or, if it is to be a local cost, it should be a local decision.
- In the past, AML has supported full funding or repeal and, most recently, amending the homeowners' program to make it a rebate program similar to

- The beneficiary population is growing, the funding is shrinking, the cost to local governments and local taxpayers is increasing, and there is no legislative or administrative support for fully funding the program. Governor Hickel vetoed \$2.2 million from the program as recently as last year.
- State aid to municipalities overall has decreased significantly and disproportionately since FY 86. At the same time, the costs of services and taxes have increased locally.
- While seniors and disabled veterans make valuable contributions to our state and our communities, they also receive other special benefits at the state and local level and they use and benefit from many municipal services financed by property tax.
- Under the bill, local officials will be able to evaluate the program in light of local fiscal conditions, value and need as expressed locally by the beneficiaries, and other important municipal services and continue the exemption, wholly or partially, if warranted.

In summary:

- AML supports Sections 1, 3, 4, 5, 12, and 13 of CS HB 573 (FINANCE) and urges the passage of the bill to at least incorporate these sections to repeal the senior citizens/disabled veterans property tax exemption program and make it a local option, as a legislative priority.
- Because the fiscal impact of repealing the bill under HB 573 will not be effective until FY 94, the program must be funded in the FY 93 budget or the FY 92 supplemental to reimburse municipalities for the mandated exemptions granted locally in FY 92

And, finally, I want to clarify that the legislative intent is that the lack of funding proposed in the House budget, and as proposed by Senate Finance, for the renters' program will not be compensated for, administratively, from funds made available for the homeowners' program.

Thank you.

Angela Salerno, MSW
NASW Alaska Chapter
1727 Wickersham Drive
Anchorage, AK 99507

Senate HESS Committee

May 1, 1992

The National Association of Social Workers, Alaska Chapter opposes cuts to AFDC and Public Assistance benefits and urges amendments to HB 573 removing provisions for enabling statutory changes.

The legislature's proposal to make significant reductions in the level of AFDC and Public Assistance benefits for Alaska's children, families, poor and disabled is a misguided and mean-spirited attempt to unsnarl the state's budget predicament by striking at the most vulnerable segments of the state's population. Beyond the very practical hardships the cuts would impose, this proposal perpetuates persistent myths and stereotypes about low income individuals and families and is based on misleading information.

I understand that some figures are being circulated in the Senate which show that a family of four receiving AFDC, Foodstamps and Medicaid "makes" \$10.33/hr. This is fallacious in that first, you cannot include Medicaid as a cash benefit. Medicaid is a voucher system offering the recipient medical care as needed. The figure of \$400/month received in Medicaid is an estimate of the amount of service received, not a regular benefit.

The proposal also gives the impression that AFDC recipients are living too well, are somehow unworthy, and soaking the rest of us. These are women who are home raising their young children, who are trying to hold their families together with the help of their state and community. Try paying for childcare for three kids on \$10.00/hr. AFDC, 50% of which is reimbursed by the federal government, is a real bargain.

What is reflected here is a punitive attitude towards those Alaskans least able to bear responsibility for the state's budget problems. And what is missing is compassion and rational analysis at the heart of the state's policymaking process.

Social workers are in a unique position to see the effects of economic insecurity and poverty on families. Scientific evidence shows that adults who grew up in families that were poor are less productive and more likely to become dependent on public aid than adults who grew up without deprivation. Please, stop picking on children! Stop the attack on welfare. The assault hurts children and undermines the future of our state. NASW urges you to amend HB 573 and remove reductions to AFDC and PA.



Alaska State Legislature

Copies to Senators
Cotton, Manard,
Sturge-Long

Please enter into the record my testimony to the Senate Hess
committee name
committee on CSHB 573 (Finance), dated 5-1-92
bill/subject

I urge you to delete Sections 10 & 11 (RE: AFDC cuts)
Please do not balance the budget on the backs
of the over 20,000 CHILDREN this will affect.
If these provisions are enacted, you will be
responsible for additional burdens on those who
can least afford it — and the accompanying sense
of despair and hopelessness that is the kindling
for the fires now raging in Los Angeles and
elsewhere. Taking care of those who can't provide
basis for themselves is not only the right thing to do —
it's also in our own self-interest. Please
delete Sections 10 & 11 from this bill.

Signed: Terrie Gottstein (TERRIE GOTSTEIN)
Testifier

All those mothers who can't be here today themselves
Representing (Optional)
5870 Alpine Woods Drive Anch 99576
Address
345-4400
Phone No.

*Resume
of
Karla Jean Johnson*

*Mailing Address: 1717 Douglas Highway #11
Douglas, Alaska 99824*

*Telephone: 364-3565 (Home)
... 463-3682 (D. Craig, message)*

Employment Goals

I would like the opportunity to work in a position of responsibility utilizing my abilities, with potential for growth and advancement.

Educational History

*University of Alaska, Southeast - Office Administration
Completed 1992*

*South East Regional Resource Center (SERRC) - Office Skills Program
Completed 1984*

Work History

*File Clerk - Division of Higher Education, Central Council Tlingit & Haida Indian Tribes of Alaska
Temporary Contract January 1992 to March 1992
Responsibilities included, but were not limited to: Mailing out scholarship packages, checks, and letters; xeroxing all correspondences to be filed; filing confidential client information which required knowledge of the Privacy Act. Position required excellent public relation skills for client contact. Assisted clients both through telephone contact and "in-person".*

*Child Care Attendant - Juneau HeadStart, Central Council Tlingit & Haida Indian Tribes of Alaska
Volunteered from 1984 to 1989
At times responsible for office duties including answering telephone calls from parents; arranged duty schedules for children; conducted and supervised art activities and field trips; assured safe transportation for children to and from bus; responsible for teaching personal hygiene to children, such as brushing teeth before meals; prepared and cooked snack/lunch for 25-30 children and staff.*

*Manager/Bookkeeper - Exxon Gas Station (Odessa, Texas)
Volunteered from September 1980 to December 1980
Maintained all bookkeeping and managed cash flow, including verifying customer credit. Responsible for supervision of employees which included: assigning duties and arranging schedules for staff of four individuals, determining rate of pay and tracking payroll, responsible for hiring and termination of employees, responding to verbal customer complaints, and resolving any difficulties with employees. Responsibilities also included monitoring pump readings, determining shortages and arranging for replenishing of fuel. Also responsible for inventory and closing.*

Resume of Karla Johnson

Page Two

Receptionist - United States Forest Service, Wildlife and Fisheries

June 1980 to August 1980

Answered and routed all incoming calls; monitored inventory of supplies; gathered, collated and distributed documents; volunteered to work in other departments; filled in for receptionist for the regional office; xeroxed and filed all documents; and responsible for distribution of mail.

Clerk - Office of the Governor, State of Alaska

December 1979 to May 80

Helped prepare information for Governor's meetings, filed and xeroxed documents, sorted and routed all mail, answered busy phone and took messages, organized file cabinets, met all deadlines.

Teacher's Aide - Children's Community Center, Juneau, Alaska 99801

June 1979 to September 1979

Organized art activities, supervised field trips, read stories to children at nap time, assisted in preparation of meals and snacks, changed diapers and cleaned up children, prepared children to return home at end of day, assisted with closing of Daycare.

Clerk - Cedar Park Office, Juneau, Alaska 99801

September 1978 to May 1979

Answered phone calls and responded to messages, xeroxed and filed applications for tenants, light typing of memos and labels, helped clean apartments that were vacant.

References for Karla Johnson

*Cindy Pastorino
2605 Douglas Highway
Juneau, Alaska 99801*

Work Telephone: (907) 586-5718

*Sean O'Brien
Department of Community and Regional Affairs
Southeast Regional Office
150 Third Street
Juneau, Alaska 99801-1291*

Work Telephone: (907) 465-4814

*LouAnn Gagne
503 Fifth Street
Douglas, Alaska 99824*

Home Telephone: (907) 364-2201

*Brenda Mann-Coate
P.O. Box 22913
Juneau, Alaska 99802*

Home Telephone: (907) 463-3157

*Pauline Olson
1108 "F" Street
Juneau, Alaska 99801-8672*

Work Telephone: (907) 789-4402

*Deborah Craig
University of Alaska, Southeast
Bill Ray Center
1108 "F" Street
Juneau, Alaska 99801-8672*

Work Telephone: (907) 463-3682

Written references are available upon request.



TELECOPY COVER SHEET
Anchorage Legislative Information Office
Office - (907) 561-7007 Fax - (907) 562-4376

TO: Senate H.E.S.S. Committee

ATTN: Sen. Sturgulewski FAX: _____ PHONE: 465-3762


FROM: Harry Anc. K.I.O. PHONE: 561-1199

INSTRUCTIONS: pls deliver to committee. These
two participants won't be able to testify
Saturday May 2nd, 1992

SENT: Date 05/01/92 Time 11:45 Am

DISPOSAL OF ORIGINAL: Discard _____ Hold for Pickup _____

NUMBER OF PAGES: 3 (counting cover sheet)

TRANSMITTED BY: Harry 

Heather Flynn

28 April, 1992

FOR PUBLICATION IN THE TIMES 2 MAY, 1992

The state budget crunch has focused attention on the Longevity Bonus and the Senior Citizens Property Tax Exemption. Let's examine what they were intended to be and what they have become.

The property tax exemption and longevity bonus were intended to enable senior citizens to remain in their lifelong homes, to share the knowledge and experience gained during their many years on the Last Frontier with younger residents, to be present rather than absentee grandparents, and to be the goodwill ambassadors which they are to not only the visitors to our community, but to volunteer year round in a wealth of social, educational and economic efforts.

There is a full range of economic arguments surrounding seniors remaining in their homes and living independently. Well documented by the Older Person's Action Group and AARP, seniors provide neighborhood stability, remain healthier and less a burden on the expensive health care system, invest and spend their money in the local economy, vote regularly and are good citizens. On a personal note, my family includes five senior citizens, three in nursing homes, one requiring home health care and one still employed full time at age 76. My grandmother lived independently,

managing her home and finances, and baking bread for the neighborhood, until at age 90 she fell and broke a hip.

The programs to encourage senior citizens to remain in Alaska have become enormous and expensive magnets which attract seniors to relocate to Alaska. Alaska's most recent census numbers have made headlines. The fastest growing segment of our population is senior citizens. About a year ago when a sales tax was under discussion, a senior sought me out and explained what a terrible hardship a sales tax would be on seniors. He allowed as how he lived here because he didn't have to pay property taxes, income taxes or sales taxes. He also acknowledged that he had a generous retirement from the military and both he and his wife were retired teachers. They also enjoyed 100% medical benefits and social security. And of course, they receive permanent fund dividends and monthly longevity bonus checks. Throw in free hunting and fishing licenses, free tuition at the university, and free passage on the state ferries, not to mention the Pioneer Homes, and one can readily see how Alaska is so attractive for seniors.

At a recent work session, the Assembly was informed that there were 579 new applications for property tax exemptions this year, for a total of 4715 homes. This represents 4% of the total tax roll and 10% of the residential tax roll. This is an astonishing increase from \$330 million of valuation last year to \$404 million this year. Further, this represents \$7 million in taxable property. Under this state mandated program, the Municipality was reimbursed \$1.2 million last year. If this year's House budget hold, we will receive no reimbursement at all! I am sure most

readers understand that this \$7 million tax loss is made up by other property owners who are not eligible for the tax exemption.

Should the legislature decide to drop the program (doubtful), or give local governments some say, the Assembly is currently examining several options to the senior citizens property tax exemption, among them a deferral rather than an outright exemption. Several states defer taxes until the home is sold by the individual or the estate. At the time of sale, the taxes are due. Another proposal is to reduce the allowable exemption from \$150,000 to, say, \$100,000 or \$75,000. Still another method is to base the exemption on need. Though many seniors argue that having to prove need strips them of their dignity, many years ago, before we were so rich, the state had an exemption program based on need with a very low threshold, \$15,000 I believe. However, the state also had an income tax at that time and could simply send a list of eligible homeowners to the municipal assessor. With no state income tax, the municipal assessor would have to examine the federal income tax submittal of every applicant. Surely with a higher income threshold, one can only speculate how many seniors would display their taxes in order to save \$2000.

Let me hasten to add that far more women would meet a needs test, not just because they live longer, but because they have not had access to pensions and other means of sustaining themselves.

Thirty years ago, nearly half our senior citizens lived in poverty. Today, thanks to significant improvements in senior programs and Medicare, not to mention the voting power of seniors, fewer than 10% of the seniors are

below the poverty line. This a record to be proud of. Unfortunately, seniors have been replaced by children. Today nearly half the children in our major cities live below the poverty line. This is NOT a record to be proud of. These same children will, along with their parents who already are, pay into the social security and medicare funds which help support seniors.

I am particularly dismayed that, while AFCD is being rolled back to 1990 levels, child care subsidies are cut 20%, and education is fighting to maintain what they have, the legislature suggests that the longevity bonus would be funded by the permanent fund reserve. This is robbing future generations to pay the current recipients of the longevity bonus, a population which is growing rapidly every year. Most citizens will agree to allocate resources to seniors who have a need, but the cumulative effect of our many generous programs simply serves to encourage more and more seniors to move to Alaska to take advantage of our generosity.

For the last decade, Alaskans have lived nearly tax free. The state income tax was repealed (and rebated). Those of us in organized boroughs pay property taxes (unless you are a senior or disabled veteran), but we also get permanent fund dividends to offset property taxes. We pay no state sales tax and here in Anchorage, no local sales taxes. Basic public services have been subsidized by state municipal assistance and revenue sharing, but those subsidies are being reduced at about 10% a year. If we wish to maintain services and the community we have built, we will all be asked to give a little more, and that includes senior citizens.

April 27, 1992

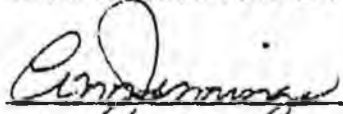
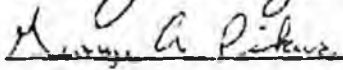
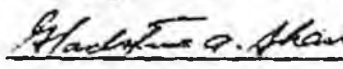
Senate
Health, Education and Social Services Committee.
Arless Sturgulewski, Chairman.
Paul Fischer, Vice Chairman.
Sam Cotten, Member
Lyman Hoffman, Member
Curt Menard, Member

Veterans Organizations listed below representing veterans, support CS HB -573 amending AS 26.10.080 (a), reducing the death gratuity benefits from \$750.00 to \$350.00. We support the HB -573, be further amended to show funds saved by this reduction be added to veterans services line item with the DMVA budget allocating additional funding of the Veteran Service Officers program.

Last year the funding was increased by \$40,000.00. This addition funding was allotted to the Disabled American Veterans. The Veterans of Foreign Wars and the American Legion, pioneers of this program in Alaska with over 70 years of service to the veterans of our state Alaska, have been provided no additional funding over the past seven years. This despite inflation and the effects on the ability to provide needed service to the Veterans of Alaska. Our state has a ever increasing veteran population, nearing 70,000. There is also a rapidly aging population of veterans requiring more and more assistance in procuring Federal and State Benefits, including health care, pension and increased disability benefits, to mention but a few of the programs available. The State Service officer, this last year, brought in over 15 million dollars of recovery into the state of Alaska. This was accomplished by direct assistance into benefits provided by The Department of Veterans Affairs (VA) and awarded to our State Veterans. That means that for every dollar requested for this next year, nearly \$50.00 will be returned.

These Service Organizations herin have a combined membership of over 17,000 veterans, plus families. There is a network of 80 Post or Chapters statewide. The Posts as well as all unaffiliated veterans need this help and assistance from a "Grateful State" for their contribution to the security and welfare of this State.

The Combined Veterans Service Organiztions of Alaska.

	The American Legion
	The Veterans Of Foreign Wars
	The Disabled American Veterans

Angela Salerno, MSW
NASW Alaska Chapter
1727 Wickersham Drive
Anchorage, AK 99507

Senate HESS Committee

May 1, 1992

The National Association of Social Workers, Alaska Chapter opposes cuts to AFDC and Public Assistance benefits and urges amendments to HB 573 removing provisions for enabling statutory changes.

The legislature's proposal to make significant reductions in the level of AFDC and Public Assistance benefits for Alaska's children, families, poor and disabled is a misguided and mean-spirited attempt to unsnarl the state's budget predicament by striking at the most vulnerable segments of the state's population. Beyond the very practical hardships the cuts would impose, this proposal perpetuates persistent myths and stereotypes about low income individuals and families and is based on misleading information.

I understand that some figures are being circulated in the Senate which show that a family of four receiving AFDC, Foodstamps and Medicaid "makes" \$10.33/hr. This is fallacious in that first, you cannot include Medicaid as a cash benefit. Medicaid is a voucher system offering the recipient medical care as needed. The figure of \$400/month received in Medicaid is an estimate of the amount of service received, not a regular benefit.

The proposal also gives the impression that AFDC recipients are living too well, are somehow unworthy, and soaking the rest of us. These are women who are home raising their young children, who are trying to hold their families together with the help of their state and community. Try paying for childcare for three kids on \$10.00/hr. AFDC, 50% of which is reimbursed by the federal government, is a real bargain.

What is reflected here is a punitive attitude towards those Alaskans least able to bear responsibility for the state's budget problems. And what is missing is compassion and rational analysis at the heart of the state's policymaking process.

Social workers are in a unique position to see the effects of economic insecurity and poverty on families. Scientific evidence shows that adults who grew up in families that were poor are less productive and more likely to become dependent on public aid than adults who grew up without deprivation. Please, stop picking on children! Stop the attack on welfare. The assault hurts children and undermines the future of our state. NASW urges you to amend HB 573 and remove reductions to AFDC and PA.



Copies to Senators
Cotten, Manard,
Sturgeawski

Alaska State Legislature

Please enter into the record my testimony to the Senate Hess
committee name
committee on CSHB 573 (Finance), dated 5-1-92
bill/subject

I urge you to delete Sections 10 & 11 (RE: AFDC cuts).
Please do not balance the budget on the backs
of the over 20,000 CHILDREN this will affect.
~~Who~~ If these provisions are enacted, you will be
responsible for additional burdens on those who
can least afford it — and the accompanying sense
of despair and hopelessness that is the kindling
for the fires now raging in Los Angeles and
elsewhere. Taking care of those who can't provide
basics for themselves is not only the right thing to do —
it's ~~also~~ also in our own self-interest. Please
delete Sections 10 & 11 from this bill.

Signed: Terrie Gottstein (TERRIE GOTSTEIN)
Testifier

At those mothers who can't be here today themselves
Representing (Optional)

5870 Alpine Woods Drive Anch 99516
Address

345-4900
Phone No.



Alaska State Legislature

Please enter into the record my testimony to the Senate Health, Education & Social Services committee name

committee on HB573 ^{Re} , dated April 30, 1992
bill/subject

Re: Sections 10 and 11 of HB573.

I do not approve of Cost of Living Allowance reductions for AFDC recipients.

If the state has not allotted the Department of Health and Social Services enough money, it should not come out of the hides of welfare mothers. This is not where we could cut the

budget. I have a friend who is now off AFDC, but is still getting assistance from other state-funded programs such as food stamps and low-income housing. still, I consider her a success story

Signed: Rebyne Martin
Testifier

Representing (Optional)

4624 Stamford Drive Fairbanks
Address

479-3990
Phone No.



Alaska State Legislature

Please enter into the record my testimony to the Senate HESS
committee name

committee on HB 573, dated April 30 1992
bill/subject

I am going to speak only to the cuts to AFDC and APA. This is a bottom line issue for me. Many women are watching how legislators vote on this bill. For the past 16 years I have worked with women and children on AFDC. I have also, when my daughter was young, lived at this income level. With few exceptions women do not want to be on AFDC. They feel ashamed and degraded by a system that devalues them in the same way that society has devalued them. Often they feel trapped by regulations, lack of job training, lack of transportation, lack of even a telephone, and lack of self esteem. Many require ongoing medical care for themselves or a child. They are generally younger, bright and desperately want to change their lives, live in a safe neighborhood, help their children succeed and have a job with health care benefits. Let's support women and children in these circumstances not penalize them. I have talked to many many women whose families were out of food by the end of the month, hard as they tried to stretch their funds. Every dollar counts. This is absolutely not where we should cut the budget. I urge you to delete Sec 10+11 or to stop the bill entirely.

Signed: Ruth Lister (RUTH LISTER)
Testifier

Member of AK Women's Lobby, AK Women's Political Caucus, Bd member of WIC-CA
Representing (Optional)

1290 Jones Road Fairbanks AK 99709
Address

455 6886
Phone No.

*
* DELIVER TO: LIOCACB *
* *
* ORIGINAL *
* SENT: 05/01/92 TIME: 10:32 *
* FROM: LIOCHTM *
* SUBJECT: VIRGINIA ALLEN'S TESTIMONY *
* PRINT DATE: 05/01/92 TIME: 10:32 *
* *

TO: ADAM IN JUNEAO

FROM: HARRY IN ANCHORAGE

REG: TESTIMONY FROM VIRGINIA ALLEN

I WOULD LIKE TO ASK THE COMMITTEE TO PLEASE ELIMINATE SECTIONS 10
AND 11 FROM CSHB 573 (FIN)

I FIND IT APPALLING THAT WE FEEL WE NEED TO BALANCE THE BUDGET
WITH THE POOREST OF THE POOR

WE ALL KNOW THAT THE ONES THAT FALL THE HARDEST DURING ECONOMIC
DOWNTURNS ARE THE CHILDREN

BETWEEN THE RATEABLE REDUCTION AND THE ELIMINATION OF THE COLA, A

MOTHER AND ONE CHILD WOULD HAVE THEIR BENEFITS REDUCED BY 55
DOLLARS PER MONTH

THE PRICE OF A 2# CAN OF FORMULA AT COSTCO IS \$13.29

THAT WOULD LAST A BABY WHO IS STILL ON FORMULA ONLY 4-7 DAYS

THE ADDITION IS SIMPLE \$53.16 FOR ONE MONTH OF FORMULA

AND WE TRY TO TAKE \$55.00 PER MONTH FROM THE PEOPLE WHO NEED IT
THE MOST, POOR CHILDREN

P.S. ALLEN ALSO SENT TO LSNCHES

*
* DELIVER TO: LIOCHTM *
*
* ORIGINAL *
* SENT: 05/01/92 TIME: 10:32 *
* SUBJECT: VIRGINIA ALLEN'S TESTIMONY *
* PRINT DATE: 05/01/92 TIME: 10:34 *
*

TO: ADAM IN JUNEAU

FROM: HARRY IN ANCHORAGE

REG: TESTIMONY FROM VIRGINIA ALLEN

I WOULD LIKE TO ASK THE COMMITTEE TO PLEASE ELIMINATE SECTIONS 10 AND 11 FROM CSHB 573 (FIN)

I FIND IT APPALLING THAT WE FEEL WE NEED TO BALANCE THE BUDGET WITH THE POOREST OF THE POOR

WE ALL KNOW THAT THE ONES THAT FALL THE HARDEST DURING ECONOMIC DOWNTURNS ARE THE CHILDREN

BETWEEN THE RATEABLE REDUCTION AND THE ELIMINATION OF THE COLA, A MOTHER AND ONE CHILD WOULD HAVE THEIR BENEFITS REDUCED BY 55 DOLLARS PER MONTH

THE PRICE OF A 2# CAN OF FORMULA AT COSTCO IS \$13.29

THAT WOULD LAST A BABY WHO IS STILL ON FORMULA ONLY 4-7 DAYS

THE ADDITION IS SIMPLE \$53.16 FOR ONE MONTH OF FORMULA

AND WE TRY TO TAKE \$55.00 PER MONTH FROM THE PEOPLE WHO NEED IT THE MOST, POOR CHILDREN

P.S. ALLEN ALSO SENT TO LUNCHES

HCR

23

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HCR 23

Revision Date: _____ Department Affected: Education
 Title: Amending the formula for BRU: Executive Administration
Providing State Aid for Education Component: Executive Administration
 Sponsor: Kubina
 Requestor: House HESS COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL	20.0					
CONTRACTUAL	20.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	40.0	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	40.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	40.0	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

This fiscal note reflects the estimated cost of the task force meeting to study potential amendments to the foundation formula as required by HCR 23.

Prepared By: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 4/22/91
 Approved by Commissioner: Steve Hole, Acting Commissioner
 Agency: Education Date: 4/22/91

Alaska State Legislature



Representative Eugene Kubina

Chairman
State Affairs
Committee

Legislative Council

Transportation
Committee

During Session:
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-4859

During Interim:
P.O. Box 2463
Valdez, Alaska 99686
(907) 835-2111

Memo

To: Senator Arliss Sturgulewski, Chairperson
Senate HESS Committee

From: Representative Gene Kubina *Gene Kubina*

Date: 25 March 1992

Re.: CS for HCR 23; Amending the Formula for
Providing State Aid for Education

CS for HCR 23 recently passed from the House to the Senate and was referred to your committee.

I would appreciate your scheduling this resolution in your committee at the earliest possible date.

If I can be of any possible assistance, please don't hesitate to contact me.

— DISTRICT SIX —

• Chenega Bay • Chitina • Cooper Landing • Cordova • Hope • Moose Pass • Seward • Tatitlek • Valdez • Whittier •



Alaska State Legislature



Representative Eugene Kubina

Chairman
State Affairs
Committee

Legislative Council

Transportation
Committee

During Session:
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-4859

During Interim:
P.O. Box 2463
Valdez, Alaska 99686
(907) 835-2111

SPONSOR STATEMENT

Sponsor: Representative Gene Kubina

Subject: CS for HCR 23: Amending the formula
for providing state aid for education

Date: 26 February 1992

CS for HCR 23 is intended to raise the issue of amending the public school foundation formula in order to provide additional state aid for those school districts that wish to have a longer school year or a summer session.

The present foundation formula is based upon the number of students attending school, not the length of the school year beyond the minimum or actual days of instruction. While it is feasible to add a provision providing additional state aid, this is a matter that should receive careful study.

Rationale for CS for HCR 23: surveys show that American children spend less time in school per year than most children of the industrialized nations. There is little question of a correlation between the time spent in the classroom and the level of skill and education children have when they graduate.

American workers, staff, and professionals are a product of our educational system. Compared to other industrialized nations, we are losing the battle for educational excellence and technical capability. One indication: Japanese auto workers are competent with geometry and other forms of advance math while, in general, American auto workers are not. A longer school year may be part of the answer and deserves careful consideration--both as an academic issue and an economic one.

— DISTRICT SIX —

• Chenega Bay • Chitina • Cooper Landing • Cordova • Hope • Moose Pass • Seward • Tatitlek • Valdez • Whittier •



CS for HC 23 also resolves that final recommendations by the Alaska 2000 Finance Committee be forwarded to the Joint Committee on School improvement (established by Resolve 28 of the 1991 Legislature) for review and comment before adoption by the state Board of Education.

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

GOLDBELT PLACE
801 WEST 10TH STREET
P.O. BOX F
JUNEAU, ALASKA 99811-0500

February 21, 1992

The Honorable Gene Kubina
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

*off
Tour*

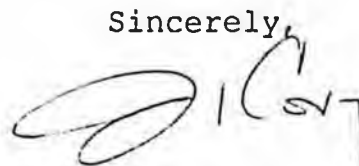
Dear Representative Kubina:

Thank you for the opportunity to address your concerns related to traditional school year length.

As you may be aware, my staff and I have been working with Representative Bettye Davis to provide language changes to CS for HCR No. 23 (HES) which you sponsored last year (copy enclosed). These changes will insure that the Alaska 2000 committee consider amendments to the public school foundation formula which may provide additional state aid to districts who want to provide longer school years. Through this process, specific outcomes and achievements resulting from longer school years can be analyzed, and input from a wide spectrum of the public can be heard.

Final recommendations of the committee will be forwarded to the Joint Committee on School Performance for their review prior to adoption by the State Board of Education.

Sincerely,



Jerry Covey
Commissioner

Enclosure



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

Don Oberg, President

Claudia Douglas
Vice President
P.O. Box 74837
Fairbanks, AK 99707

Judy Salo
NEA Director
4510 Kenaitze Court
Kenai, AK 99611

Paul Jarvi
Region I Director
P.O. Box 5876
Ketchikan, AK 99901

Deedle Sorensen
Region I Director
6903 Sunny Dr.
Juneau, AK 99801

Bruce Garrett
Region II Director
1218 Malutin Lane
Kodiak, AK 99615

DeWayne Craig
Region III Director
406 S. Forest Dr. #3-A
Kenai, AK 99611

Kathy Gross
Region IV Director
P.O. Box 1652
Bethel, AK 99559

Marilyn Rosene
Region IV Director
Box 1170
Dillingham, AK 99576

Susan Annis
Region V Director
1633 Kivalina Street
Fairbanks, AK 99709

Mary Lou Brent
Region V Director
Box 80074
Fairbanks, AK 99708

Gayle Harbo
Region V Director
Box 80522
College, AK 99708

Don Hadley
Region VI Director
3259 Wesleyan Dr.
Anchorage, AK 99508

Richard Kronberg
Region VI Director
3511 Chiniak Bay Dr.
Anchorage, AK 99515

Pam McCarl
Region VI Director
2116 Sorbus Way
Anchorage, AK 99508

Kathi McCord
Region VI Director
1601 Hidden Lane
Anchorage, AK 99501

Leslie Vandergaw
Region VI Director
P.O. Box 91236
Anchorage, AK 99509

Sandy Pevan
Region VII Director
Box 871256
Wasilla, AK 99687

Carolyn Tolson
Region VII Director
Box 873933
Wasilla, AK 99687

Hank Harrison
Region R Director
Box 110325 S Station
Anchorage, AK 99511

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

April 22, 1991

TO: Georgianna Lincoln & Pat Carney, Co Chairs &
Members of House HESS Committee

FROM: Don Oberg

NEA-Alaska is pleased to support HCR 23.

HCR is a creative start to provide new thinking as to how we fund our Alaskan public schools--especially in the sense of longer school years and/or summer school programs.

It has been established by testing and experience that a longer school term can increase the amount of understanding, mastery, and retention of education a student receives, and thus may be a very effective tool in improving the quality of our public schools.

Summer schools for both remediation and advancement have proven to be equally successful and will allow students to concentrate on specific topics or themes in addition to the standard school term.

There are significant ways to develop the school calendar; such as providing quarter systems in which the student may choose to attend any three, or in some circumstance all four quarters, which hold great promise and deserve discussion.

It is possible that no real restructuring of our schools can be achieved without extending the time for student/teacher interaction. Research has shown that extending the school day is not as effective a teaching tool as extending the school year.

This approach is timely and should be pursued.

It will improve the committee, we believe, to include at least two practicing classroom teachers and two parents of students currently in the public schools in order to have a full and positive discussion of the impact of longer school terms, summer schools, or other options that might arise.

LE04/Schlyear/dl

Alexander favors extending school day, year

The Associated Press

WASHINGTON — Education Secretary Lamar Alexander said Sunday he favors extending the school day or school year by making it optional and charging parents for the extra instruction.

That's how it works in Murfreesboro, Tenn., where seven public elementary schools offer extra classes in the afternoons and the summer, he said.

"About half the parents pay for their children to go," the former Tennessee gover-

nor said on ABC-TV's "This Week with David Brinkley." "They voluntarily choose that."

American students attend classes only 180 days a year, fewer than most other industrialized countries.

Alexander offered his let-the-parents-pay idea as a solution to the problem of how to pay for a longer school year.

"I would like to see school districts open their schools in the afternoon, open them in the summer and invite parents to send

their children there," he said. "Let people get accustomed to it." "The parents choose it and pay for it," he said.

Alexander defended the emphasis on parental choice

in President Bush's new education strategy. Poor schools should be forced to close if they can't attract students, he said.

Bush and Alexander want to allow federal dollars to

follow poor children to whatever school they choose — public, parochial or private — and they urged state and local authorities to allow the same flexibility with their school dollars.



Lamar Alexander

HCR

49

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. HCR49

Revision Date:
Title: "Recognizing 1992 as the 75th anniversary of the University of Alaska Fairbanks"

Dept: University
BRU: All
Component: All

Sponsor: Reprs. Koponen, Moyer
Requestor:

Component Serial No. All

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)	FY93	FY94	FY95	FY96	FY97	FY98
GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY93	FY94	FY95	FY96	FY97	FY98
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

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

Phone: 474-7593
Date: 3/7/92

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

Date: 3/7/92

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

IMPORTANT DATES IN HISTORY

- 1915 Congress approves Wickersham's bill conveying federal lands near Fairbanks for use as site for a college.
- Cornerstone of the College is laid and an address is delivered by the Honorable James Wickersham, territorial delegate to the U.S. Congress from Alaska.
- 1917 Territorial Legislature accepts the act of Congress and establishes a land-grant college committed to public service, teaching, and research.
- Board of Trustees appointed for Alaska Agricultural College and School of Mines.
- 1918 Construction begins on "Old Main," the first building erected on College Hill.
- 1921 Charles E. Bunnell is selected as the first president of the college by the Board of Trustees.
- 1922 Dedication of the Alaska Agricultural College and School of Mines by the Honorable Governor of the Territory Scott C. Bone; institution first opens its doors with faculty of six and student enrollment of six.
- 1923 First volume of the *Farthest-North Collegian* appears as a 24-page magazine; the publication has five feature stories, student association articles, stories touting the college athletics teams, the mining and home economics short courses, three student editorials, and two editorials by President Bunnell.
- First commencement, Jack Sexton Shanley receives an undergraduate Bachelor of Science degree in agriculture.
- First freshman bonfire, and official school colors, azure and gold, are chosen.

- 1924 Second commencement, one graduate, the first woman, Margaret E. Thomas (later Mrs. Olaus Murie), graduates in business administration.
- 1927 First Bunnell-Geist archaeological expedition to Saint Lawrence Island.
- 1929 *Farthest North Collegian*, published as a magazine three times each year, changes to a newspaper to be published monthly.
- Rockefeller Foundation grant for the study of the aurora.
- 1930 Academic standards tighten; grade-point system adopted whereby an "A" is worth three points, a "B" two points, and a "C" one point.
- 1931 The construction of the gymnasium, one of the first of six buildings to make up the University of Alaska.
- 1933 Publication of the first yearbook, named *Denali*, the Athabaskan name for Mt. McKinley, through a "Name the Annual" contest.
- 1934 Judge James Wickersham and President Charles Bunnell break ground for the Eielson Memorial Building.
- 1935 At urging of the college's Alumni Association, Territorial Governor Troy signs the act that renames the AACSM the University of Alaska. Provisions of the Act creating and establishing a new corporation provide for a Board of Regents to replace the Board of Trustees of the college and transfer all property and responsibilities to this institution.
- 1939 As required by the Morrill Act establishing the college, Reserve Officer Technical Corps (ROTC) is established on campus.
- 1944 During WWII, enrollment drops sharply to a low of 77 students this year, and there is talk of closing the university.