

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 86 / 2

10546 SENATE HEALTH EDUCATION & SOCIAL SERVICES





**STATE OF ALASKA**  
**LEGISLATIVE AFFAIRS AGENCY**  
**DIVISION OF PUBLIC SERVICES**

RECEIVED  
MAR 20 2001

DATE: 3-16-01

Please accept the enclosed original(s) of written testimony  
for the S HESS - 7437 teleconference hearing that was  
scheduled on 3-16-01.

A copy of this testimony was transmitted to your committee via  
fax on 3-16-01.

Thank you,

Lorna Steilman  
Kodiak LIO



# Alaska State Legislature

Please enter into the record my testimony to the Senate Health, Education & Social  
committee name Services  
committee on SB 91 / Informed Consent  
bill/subject Abortion, dated 3/16/01.

PLEASE SEE TESTIMONY  
ATTACHED

Signed: Pat Szabo  
Testifier  
Self  
Representing (Optional)  
PO Box 1949 Kodiak 99615  
Address  
907-486-3853  
Phone No.

P.O. Box 1949  
Kodiak, Alaska 99615  
March 16, 2001

Senator Lyda Green, chairman  
Senator Loren Leman, Jerry Ward, Gary Wilken & Bettye Davis  
Alaska State Senate  
Juneau, Alaska

Dear Senators,

Please do not pass Senate Bill 91 out of the HESS Committee.

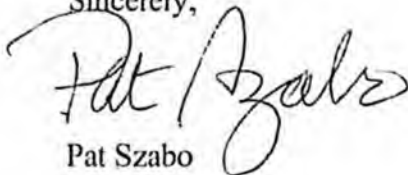
I'm not able to leave work to come to your teleconference this morning so I'd like to take this opportunity to ask you to vote against the bill.

Serious thought already goes into any woman's decision to have an abortion; it's not a decision that's treated lightly. Doctors already provide counseling because abortion is a surgical procedure that requires informed consent.

The Legislature and the State of Alaska shouldn't intrude in the doctor/patient relationship. The pamphlet referred to in the bill would require the State to produce not a medical pamphlet but a political, biased pamphlet that refers to "unborn child" not "fetus" and describes a "gestational age", which is not a medical or scientific concept.

Please do not pass the bill out of committee.

Sincerely,



Pat Szabo



# Alaska State Legislature

Please enter into the record my testimony to the Senate Health, Education & Social Services  
 committee name  
 committee on NB 91 / Informed Consent, dated 3-16-01  
 bill/subject

PLEASE SEE TESTIMONY  
 ATTACHED

3 pgs

Signed: Kermit Reppand  
 Testifier

Representing (Optional)

1616 Selief Lane Kodiak 99615

Address

907-486-6593

Phone No.

March 16, 2001

Dear Senators,

Thank you for this opportunity to speak concerning SB 91. I urge you to vote in favor of this bill as it is much needed to protect women in a very vulnerable situation. I have heard countless stories of women who were coerced into abortion by a parent or boyfriend and were not given all the facts. Later, they found out that it was not just a blob of tissue or group of cells but really an unborn child complete with heartbeat, arms, legs and eyes and had to deal with the guilt and remorse for what they had done.

There is a growing body of medical statistics indicating that significant health risks such as breast cancer and substance abuse are associated with abortion especially if it is the first pregnancy. I have attached citations from a brief search on the Internet which illustrate this point. The abortion providers would rather this material be hidden from their potential clients just like the tobacco industry were less than forthcoming about the dangers of smoking. It is amazing that the government requires more information to be put on a package of cigarettes, a can of soda or a bottle of aspirin than it does for a procedure which is the most common operation in our country and for which, in over 95% of the cases, are done for sociological reasons rather than medical.

While some abortion providers may provide what they consider to be neutral counseling that truly informs women of their choices and risks, there is abundant evidence of bias toward abortion with many of these so-called counselors, especially those associated with clinics that do little else but abortion. It is no exaggeration to state that many women are sold abortion rather than counseled. I have also attached a statement from former workers and abortionists that documents this claim.

This bill, if enacted, will not infringe upon the constitutional right of abortion. It's simply an example of consumer protection legislation. Certainly those who refer to themselves as Pro-choice on abortion would want to insure that women who choose, do so on an informed basis. While developing the pamphlet described in the legislation will not be easy given the emotions associated with this subject, that should not discourage us from starting. I suggest the information on fetal development should be a separate document from the one that discusses health risks associated with abortion since there is little dispute concerning fetal development.

Sincerely,



Kermit D. Reppond  
1616 Scief Lane  
Kodiak, AK 99615  
907-486-6593

## Health Risks

Certainly one of the definitive studies was by H. L. Howe. Her study was done in upstate New York using official statistics from the New York State Health Department. This was an excellent study by epidemiologic standards and was not subject to any kind of recall memory bias from people asked in questionnaires. It used only hard data. She investigated all the women in this area who developed breast cancer under age 40 and checked to see whether or not they had had abortions. The conclusion was that women who had aborted their first pregnancy had a 1.7 times increased risk of breast cancer. Those who had gone on to abort their second and/or third pregnancy had a 4.0 times increased risk.

Howe HL, Senie RT, Bzduch H, Herzfeld P (1989) et al., *Int. J. Epidemiol.* 18:3004.

- An induced abortion raises a woman's chance of getting breast cancer before age 45 by 50%. If done before age 18, it increases 150%; if after age 30, it's up 110%.

- A woman with a family member with breast cancer who had her first abortion after 30 years increased her risk 270%.

J. Daling, Risk of Breast Cancer Among Young Women, *J. Nat. Ca. Inst.*, Vol. 86, No. 21, 11/2/94, pg. 1584

Other studies done since then include: Greece: An overall increased risk of 51% was reported in women who had abortions, compared to those who did not. It involved 850 patients in Athens. L. Lipworth, *Int. J. of Cancer*, April '95 U.S.A.:

"Complications following abortions performed in free-standing clinics is one of the most frequent gynecologic emergencies . . . encountered. Even life-endangering complications rarely come to the attention of the physician who performed the abortion unless the incident entails litigation. The statistics presented by Cates represent substantial under-reporting and disregard women's reluctance to return to a clinic, where, in their mind, they received inadequate treatment."

L. Iffy, "Second Trimester Abortions," *JAMA*, vol. 249, no. 5, Feb. 4, 1983, p. 588.

Suicide: The suicide rate associated with birth was 5.9 per 100,000 births and the suicide rate associated with abortion was 34.7 per 100,000 abortions (Gissler, Mike, Hemminki, Elina and Lonngvist, "Suicides after pregnancy in Finland; 1987-94 *British Medical Journal* Vol 313 (1996) PP 1431-1436) Another study concluded "Of the aborted women surveyed, 62 percent described themselves as having become 'suicidal' as a direct result of their abortions." (David C. Reardon, *Aborted Women: Silent No More* (Chicago, IL; Loyola University Press 1987.

Substance and Alcohol Abuse: "It is common for substance abuse to be seen posttrauma." Dr. Rue also found that "Individuals relying upon illegal or prescription drugs attempt to self-medicate to avoid disturbing symptoms. E.g. intrusive thoughts, nightmares, flashbacks etc." (Vincent M. Rue, *Post-abortion Trauma: Controversy, Diagnosis & Treatment*)

K. Reppond, attachment i

## Abortion "Counseling"

"I have never yet counseled anybody to have the baby. I'm also doing women's counseling on campus at Albany State, and there I am expected to present alternatives. Whereas at the abortion clinic you aren't really expected to."

--abortion counselor, cite in Rachel Weeping and Other Essays About Abortion. James Tunstead Burtchaell, editor. New York: Universal Press, 1982 pgs 42-43

"Vital signs should be observed regularly, and a Doppler [for listening to the fetal heartbeat] inaudible to the patient should be used at intervals to determine the presence or absence of fetal heart tones.. This [informed consent] is a controversial area, but most professionals in the field feel that it is not advisable for patients to view the products of conception, to be told the sex of the fetus, or to be informed of a multiple pregnancy".

--Abortionist Warren Hern in "Abortion Practice" J.B. Lippincott Company, 1984 pgs 145 and 304

"In my facilities, I always gave option counseling. Of course you make the abortion the most appealing. I told them about adoption and about foster care and about [when there was welfare] assistance. The typical way it would go is, "Well, you know you can place your baby out for adoption." But then, in the second breath you would say, "That's an option available to you, but you also have to realize that there's going to be a baby of yours out here somewhere in the world you will never see again. At least with abortion you know what's happening. You can go on with your life...The longer I was in it, the less I cared, so I really didn't really care what my conscience said. My conscience was totally numb anyway. But what it did do was public relations-wise. You were able, when a reporter or TV crew came, to pull out a packet of information for the patients to read and they received it. So what can anybody say? Publicly it looked good -- in reality it was another tool that was used to force a woman into abortion. It's typical -- I would give them an option and then shoot it down. The only option you didn't shoot down, obviously, was abortion."

--Former clinic owner Eric Harrah quoted by Dr. Jack Willke and Brad Mattes

"I was trained by a professional marketing director in how to sell abortions over the telephone. He took every one of our receptionists, nurses, and anyone else who would deal with people over the phone through an extensive training period. The object was, when the girl called, to hook the sale so that she wouldn't get an abortion somewhere else, or adopt out her baby, or change her mind. We were doing it for the money."

--Nina Whitten, chief secretary at a Dallas abortion clinic under Dr. Curtis Boyd

"They [the women] are never allowed to look at the ultrasound because we knew that if they so much as heard the heart beat, they wouldn't want to have an abortion."-Dr. Randall  
'Pro-Choice 1990: Skeletons in the Closet' by David Kuperlain and Mark Masters in Oct "New Dimensions" magazine

K. Reppond, attachment 2



# Alaska State Legislature

Please enter into the record my testimony to the Senate HESS  
committee name  
committee on SB 91 / Informed Consent, dated 3/16/01  
bill/subject

**PLEASE SEE TESTIMONY  
ATTACHED**

Signed: \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Robert Johnson".

DR. Robert (Bob) Johnson

Testifier

Representing (Optional)

Box 945

Address

486-5171(H) 486-9466(F) 654-6647(C)

Phone No.

As a physician in Kodiak since 1955, I was practicing before abortions became legal and knew something of the problems associated with illegal abortions. I was well aware of the problems associated with the birth of unwanted children. I was pleased when the procedure became legal and women who with unexpected pregnancies could have a choice. Thus began to perform abortions for my patients who were less than three months pregnant.

All were counseled at a preliminary visit including options available to them other than abortion. Most had already considered these and had elected to have an abortion. Some were not comfortable with their decision and needed to talk about it. A few were referred to mental health counselors. Few desired intricate or detailed information of fetal development but those who did were informed. Three additional visits were scheduled, for: insertion of laminaria; the abortion procedure; post-abortion exam.

My experience includes approximately 700 abortions from 1984 to 1994 at which time I retired. The only complication I encountered in these women was post-abortion depression which occurred at no greater frequency than did post-partum depression in normal term deliveries. These responded well to treatment.

I report this to indicate that I have experience in the matter and to inform you that the State should have no business dictating to women how much they should be told in order to make a decision. They are capable of making the decision for themselves and of asking for what information they desire. To assume otherwise is an affront to their intelligence.

This bill requires that both patient and physician "jump through a number of hoops," and creates one more impediment to free choice. Consider that this much information is not needed by everyone and, in some cases, creates a sense of guilt which makes the likelihood of complications greater. SB 91 seems designed to do just that. At any rate, it should not get out of committee.

Sincerely,

Dr. Bob

Johnson

**S B**

**94**

# Alaska State Legislature

Senator Robin Taylor

District A

State Capitol Rm 30, Juneau, Alaska 99801-1182 Phone (907)465-3873 Fax (907)465-3922



## Memorandum

TO: Senator Lyda Green, Chair  
Senate Health, Education and Social Services

FROM: Senator Robin L. Taylor

DATE: April 28, 2001

RE: SSSB 94 - REQUEST FOR HEARING

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Monday

I respectfully request that SSSB 94 be scheduled for hearing before your committee at the earliest possible date.

# Alaska State Legislature

*Chairman,*  
Judiciary Committee

*Vice-Chairman,*  
Administrative Regulations  
Revenue Committee

*Member,*  
Transportation Committee  
Resources Committee



State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
Fax: (907) 465-3922

50 Front Street  
Suite 203  
Ketchikan, Alaska 99901  
(907) 225-8088  
Fax: (907) 225-0713

**Senator Robin L. Taylor**

## **SPONSOR STATEMENT SSSB 94**

**"An Act relating to the financing of major maintenance of public school facilities; authorizing the Commissioner of Revenue to sell the right to receive a portion of the anticipated revenue from a certain tobacco litigation settlement to the Northern Tobacco Securitization Corporation; relating to the deposit of certain anticipated revenue from a certain tobacco litigation settlement; authorizing the issuance of bonds by the Northern Tobacco Securitization Corporation with proceeds to finance public school major maintenance; and providing for an effective date."**

SSSB 94 proposes funding the renovation and improvement of many of our public schools with proceeds of bonds to be issued by the Northern Tobacco Securitization Corporation. The majority of the projects listed in this bill have needed work for a number of years. While funding has not been available, the facilities have continued to deteriorate. We have schools with leaking roofs, bathroom facilities that are falling through the floors, exterior walls that barely keep out the elements, fire alarm systems and boilers that are not dependable and entire sewer systems that do not function properly. The age of some of these requests for funding should be enough impetus to secure funding.

The citizens of the State of Alaska should enjoy the privilege of being proud of their schools. In many communities, the schools are a source of shame.

We have an obligation to provide this funding and we have the funding source. Lets all join together to make our communities proud. Fund these repairs and renovations and let our children attend school in a decent building. Let's build pride in our communities.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell  
E-mail: [Senator\\_Robin\\_Taylor@legis.state.ak.us](mailto:Senator_Robin_Taylor@legis.state.ak.us)

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: April 26, 2001

FURTHER: Finance

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 04/30/01

HESS Committee considered      SPONSOR SUBSTITUTE FOR SENATE BILL NO. 94  
EDUCATION FUNDING

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title  
**House Bill:**  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DEED	4/30/01		X	1
Revenue	4/30/01	X		2
Revenue	4/30/01	X		3

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Gary Lee</i>			✓	
<i>Jerry Ward</i>			<del>APP</del>	✓
CHAIR: <i>Lynne Greer</i>			✓	

BARROW LEGISLATIVE OFFICE  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA  
BANK BUILDING, ROOM 305  
BARROW, ALASKA 99723  
PHONE (907) 852-7111 / FAX 852-7114

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FACSIMILE TRANSMITTAL SHEET

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TO: Aurora	FROM: Rebekah Garlock
COMPANY/ORGANIZATION: LAA	DATE: May 1, 2001
FAX NUMBER: 465-3805	TOTAL NUMBER OF PAGES: 3
PHONE NUMBER: 465-6600	REGARDING: TESTIMONY FOR SHESS

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FOR YOUR INFORMATION

PLEASE REPLY

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NOTES/COMMENTS:

This is the testimony I faxed yesterday.

# Memorandum Of Support

Date: 4/30/01

To: Senate Health, Education and Social Services (HESS) Committee  
Honorable Lyda Green, Chair

Cc: Senator Donny Olson, Senate District S,  
Representative Reggie Joule, District 37

 From: Steve Cropsey, Director of Maintenance and Operations North Slope Borough  
School District

RE: Senate Bill 94

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Please read the following testimony into the record of the HESS committee when considering Senate Bill 94:

My name is Steve Cropsey, I am the Director of Maintenance and Operations for the North Slope Borough School District, I am also the Secretary / Treasure of the Alaska State Chapter of the Council of Educational Facility Planners International, (CEFPI).

I would like to speak in support of SB 94 as presented to the committee by the Bill's Sponsor, Senator Robin Taylor.

Each year the Department of Education and Early Education, (DEED) requests and receives Grant Applications for Major Maintenance Projects which, are needed because of obsolescence and age and not the result of neglect caused from deferred routine maintenance. Each year school districts, across the State, scramble and are diligent in the preparation of grant applications for consideration by the Department. The DEED receives these applications which are carefully reviewed and ranked, according to published criteria, by members of the Department staff. Historically the list has gotten longer and more expensive, each year, because of

## Memorandum Of Support: Senate Bill 94

inadequate funding of the projects by the Legislature. This is the logical result of inadequate capital investment for upgrade and protection of existing facilities.

The DEED Staff has reviewed, considered the worthiness and creditability of each application received and scored the projects accordingly. The Staff has conducted "an appeal process" to their ranking and evaluation. Having been through the process many times I assure you it is a thoughtful, fair and unbiased process. School Districts that participate in the process spend considerable time and money making their applications presentable and acceptable to the Department. The Department has conscientiously and fairly evaluated the projects and prepared a list of Major Maintenance Projects, ranked, according to the established criteria from the most needed (Ranked as #1) to the lesser needed, (Ranked #46). However, all projects included on the list of Projects found in SB 94 are critically needed.

I urge your support of SB 94, which if enacted in its entirety, will be a significant contribution to an extension of the useable life to 46 school facilities across the State and will ultimately save the State higher major maintenance costs in the future.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SS SB 94  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Maintenance of Public School Facilities BRU: Revenue Operations  
 Component: Treasury  
 Sponsor: Senator Taylor  
 Requester: Senate Health, Education & Social Services Component Number: 121

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel (Marketing & Selling Bonds)						
Contractual (Trustee/Paying Agent)	50.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service						
<b>TOTAL OPERATING</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts (FHWA)						
1003 GF Match						
1004 GF	50.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Project Fund Investment Earnings						
<b>TOTAL</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation authorizes the Department of Revenue to sell 20% of the state's portion of the Master Tobacco Settlement Agreement to the Northern Tobacco Securitization Corporation (a subsidiary of the Alaska Housing Finance Corporation) in exchange for the bond proceeds that NTSC is able to generate (less the costs of issuing the bonds and funding of a debt service reserve). The sale will provide funding of at least \$58,145,522 for school maintenance projects statewide after funding a debt service reserve fund and costs of issuance. Bonds will be issued with tax-exempt status, an anticipated term of approximately 22 years, but with the ability to extend term to a maximum of over 30 years if revenues are lower than forecast. To the extent there are residual settlement revenues following the repayment of these bonds, those revenues will revert to the state upon final payment of the bonds.

The \$50,000 in contractual expenses will cover the Department of Revenue's legal and financial services for negotiating the sale of the settlement proceeds.

Prepared by: Deven Mitchell, Debt Manager Phone 465-3750  
 Division: Treasury Division Date/Time 4/30/01 10:00 AM  
 Approved by: Larry Persily, Deputy Commissioner Date 04/30/2001  
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SS SB 94  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title: Maintenance of Public School Facilities BRU: AHFC  
Component: Operations  
Sponsor: Senator Taylor  
Requester: Senate Health, Education & Social Services Component Number: 110

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>58,145.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>(4,863.5)</b>	<b>(4,927.9)</b>	<b>(4,336.5)</b>	<b>(4,384.6)</b>	<b>(4,442.4)</b>	<b>(4,500.6)</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Tobacco Settlement Funds						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Northern Tobacco Securitization Corporation (NTSC) is a subsidiary of AHFC. This legislation authorizes the NTSC to purchase 20 percent of the Master Tobacco Settlement Agreement from the State of Alaska, with the proceeds from that sale to be used to finance school maintenance projects statewide. The purchase will be made through an agreement with the Commissioner of Revenue.

The change in state revenues shown in the fiscal note reflect 20 percent of the tobacco settlement funds as projected by WEFA.

The capital expenditures shown in the fiscal note are the proceeds anticipated for authorized tax-exempt public construction projects.

Appropriation authority is required under AS37.07 (Executive Budget Act) for expenditures by the Department of Education for the projects in Section 2 of this legislation.

Prepared by: John Bitney, Legislative Liaison Phone 330-8445  
Division: Alaska Housing Finance Corporation Date/Time April 29, 2001 11:54PM  
Approved by: Larry Persily, Deputy Commissioner Date 04/30/2001  
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SSSB 94  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
 Title: "An Act relating to the financing of major BRU: K-12 Support  
maintenance or public school facilities; authorizing the ....." Component: Foundation Program  
 Sponsor: Senator Taylor  
 Requester: Senate HESS Component Number: 141

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY .003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The sponsor substitute changes this legislation to a tobacco securitization bill.

Prepared by: Eddy Jeans, School Finance Manager  
 Division: Education Support Services  
 Approved by: Bruce Johnson, Deputy Commissioner of Education  
 Agency: Education & Early Development

Phone 465-8679  
 Date/Time 4/30/01  
 Date 4/30/01

For distribution information, call the Governor's Legislative Office

22-LS0208\O  
Ford  
3/28/01

**CS FOR SENATE BILL NO. 94(HES)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): SENATOR TAYLOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to education funding; and providing for an effective date."**

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

3 **\* Section 1.** AS 14.17.410(b) is amended to read:

4 (b) Public school funding consists of state aid, a required local contribution,  
5 and eligible federal impact aid determined as follows:

6 (1) state aid equals basic need minus a required local contribution and  
7 95 [90] percent of eligible federal impact aid for that fiscal year; in a regional  
8 educational attendance area, the reduction of eligible federal impact aid is in lieu  
9 of a contribution of funds from local taxes; basic need equals the sum obtained  
10 under (D) of this paragraph, multiplied by the base student allocation set out in  
11 AS 14.17.470; district adjusted ADM is calculated as follows:

12 (A) the ADM of each school in the district is calculated by  
13 applying the school size factor to the student count as set out in AS 14.17.450;

14 (B) the number obtained under (A) of this paragraph is  
15 multiplied by the district cost factor described in AS 14.17.460;

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(C) the ADMs of each school in a district, as adjusted according to (A) and (B) of this paragraph, are added; the sum is then

(i) multiplied by the special needs factor set out in AS 14.17.420(a)(1);

(ii) multiplied by the funding for nurses factor set out in AS 14.17.420(a)(2); and

(iii) multiplied by the vocational education factor set out in AS 14.17.420(a)(3);

(D) the number obtained for special needs funding under (C)(i) of this paragraph, the number obtained for funding nurses under (C)(ii) of this paragraph, the number obtained for vocational education funding under (C)(iii) of this paragraph, the number obtained for intensive services under AS 14.17.420(a)(4), [AS 14.17.420(a)(2)] and the number obtained for correspondence study under AS 14.17.430 are added to the number that represents the total ADM of the district as adjusted under (A) and (B) [OBTAINED UNDER (C)] of this paragraph;

(2) the required local contribution of a city or borough school district is the lesser of

(A) the equivalent of a four mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Community and Economic Development under AS 14.17.510 and AS 29.45.110; or

(B) 100 [ , NOT TO EXCEED 45] percent of a district's basic need for the current [PRECEDING] fiscal year as determined under (1) of this subsection.

\* Sec. 2. AS 14.17.420(a) is amended to read:

(a) As a component of public school funding, a district is eligible for special needs funding, for funding for school nurses, and for vocational education funding and may be eligible for intensive services funding as follows:

(1) special needs funding is available to a district to assist the district

1 in providing special education, gifted and talented education, [VOCATIONAL  
2 EDUCATION,] and bilingual education services to its students; a special needs  
3 funding factor of 0.20 [1.20] shall be applied as set out in AS 14.17.410(b)(1);

4 (2) funding for school nurses is available to a district to assist the  
5 district in providing nursing services to its students; a nurse funding factor of  
6 0.01 shall be applied as set out in AS 14.17.410(b)(1);

7 (3) vocational education funding is available to a district to assist  
8 the district in providing vocational education services to its students; a vocational  
9 education funding factor of 0.02 shall be applied as set out in AS 14.17.410(b)(1);

10 (4) in addition to the special needs funding for which a district is  
11 eligible under (1) of this subsection, a district is eligible for intensive services funding  
12 for each special education student who needs and receives intensive services and is  
13 enrolled on the last day of the count period; for each such student, intensive services  
14 funding is equal to the intensive student count multiplied by five.

15 \* Sec. 3. AS 14.17.420(b) is amended to read:

16 (b) If a district offers special education, gifted and talented education, nursing  
17 services, vocational education, or bilingual education services, in order to receive  
18 funding under (a)(1), (2), and (3) of this section, the district must file with the  
19 department a plan that indicates the services that will be provided to students who  
20 receive these services.

21 \* Sec. 4. AS 14.17.440(a) is amended to read:

22 (a) Except as provided in AS 14.17.400(b), funding for state boarding schools  
23 established under AS 14.16.010 includes an allocation from the public school account  
24 in an amount calculated by

25 (1) determining the ADM of state boarding schools by applying the  
26 school size factor to the student count as described in AS 14.17.450;

27 (2) multiplying the number obtained under (1) of this subsection by the  
28 special needs factor in AS 14.17.420(a)(1);

29 (3) multiplying the number obtained under (1) of this subsection  
30 by the funding for nurses factor in AS 14.17.420(a)(2);

31 (4) multiplying the number obtained under (1) of this subsection

1 by the vocational education factor in AS 14.17.420(a)(3):

2 (5) adding the numbers obtained under (1), (2), (3), and (4) of this  
3 subsection [AS 14.17.420(a)(1)] and multiplying that number [PRODUCT] by the  
4 base student allocation; and

5 (6) [(3)] multiplying the number [PRODUCT] determined under (5)  
6 [(2)] of this subsection by the district cost factor that is applicable to calculation of the  
7 state aid for the adjacent school district under AS 14.17.460.

8 \* **Sec. 5.** AS 14.17.460(b) is repealed and reenacted to read:

9 (b) The cost factors established under (a) of this section change biennially on  
10 July 1, according to changes in district costs as determined by the department. The  
11 department shall, on a biennial basis, submit to the legislature a completed study of the  
12 district cost factors used under this section. The study required under this subsection

13 (1) must be based on the cost of doing business in each school district;

14 (2) must consider the cost of living, including the cost of food, utilities,  
15 transportation, medical expenses, property values, or other costs that contribute to the  
16 cost of doing business:

17 (3) must use Anchorage as a base value for comparing costs between  
18 school districts:

19 (4) may consider information from state, federal, or private sources to  
20 document cost differentials between districts; and

21 (5) may be completed by contract.

22 \* **Sec. 6.** AS 14.17 is amended by adding a new section to read:

23 **Sec. 14.17.485. Declining funding adjustment.** In addition to funding  
24 provided under AS 14.17.410(b), if the ADM in a school district decreases by four  
25 percent or more from one fiscal year to the next or seven percent or more within two  
26 consecutive fiscal years, the school district may, subject to appropriation for the  
27 purpose of this section, use the last fiscal year before the decline in ADM that  
28 qualified the district for additional state aid as a base fiscal year and offset any  
29 reduction in state aid according to the following schedule: (1) for the first fiscal year  
30 after the base fiscal year, the school district is eligible to receive state aid determined  
31 under AS 14.17.410(b)(1) plus 75 percent of the difference in state aid between the

1 base fiscal year and the first fiscal year after the base fiscal year; (2) for the second  
2 fiscal year after the base fiscal year, the school district is eligible to receive state aid  
3 determined under AS 14.17.410(b)(1) plus 50 percent of the difference in state aid  
4 between the base fiscal year and the second fiscal year after the base fiscal year; (3)  
5 for the third fiscal year after the base fiscal year, the school district is eligible to  
6 receive state aid determined under AS 14.17.410(b)(1) plus 25 percent of the  
7 difference in state aid between the base fiscal year and the third fiscal year after the  
8 base fiscal year. The schedule established in this section is available to a school  
9 district for the three fiscal years following the base fiscal year only if the state aid  
10 received by the school district under AS 14.17.410(b)(1) for each fiscal year is less  
11 than the state aid received by the school district in the base fiscal year. This section  
12 does not apply to a decrease in ADM resulting from a loss of enrollment that occurs as  
13 a result of a boundary change under AS 29.

14 \* **Sec. 7.** AS 14.17.470 is amended to read:

15 **Sec. 14.17.470. Base student allocation.** The base student allocation is  
16 \$4.085 [\$3,940].

17 \* **Sec. 8.** AS 14.17.905 is amended to read:

18 **Sec. 14.17.905. Facilities constituting a school.** For purposes of this chapter,  
19 the determination of the number of schools in a district is subject to the following:

20 (1) a community with an ADM of at least 10, but not more than 100,  
21 shall be counted as one school;

22 (2) a community with an ADM of at least 101, but not more than 400  
23 [750], shall be counted as

24 (A) one elementary school, which includes those students in  
25 grades kindergarten through six [6]; and

26 (B) one secondary school, which includes students in grades  
27 seven [7] through 12;

28 (3) in a community with an ADM of greater than 400 [750], each  
29 facility that is administered as a separate school shall be counted as one school, except  
30 that each alternative school with an ADM of less than 200 shall be counted as a part of  
31 the school in the district with the highest ADM.

1 \* Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 TRANSITION. (a) The Department of Education and Early Development may  
4 immediately proceed to adopt regulations necessary to implement this Act. The regulations  
5 take effect under AS 44.62 (Administrative Procedure Act), but not before July 1, 2001.

6 (b) The first change in cost factors required under AS 14.17.460(b), as repealed and  
7 reenacted by sec. 5 of this Act, shall occur on January 15, 2002.

8 (c) The first study of district cost factors required under AS 14.17.460(b), as repealed  
9 and reenacted by sec. 5 of this Act, shall be completed by January 15, 2002.

10 \* Sec. 10. Section 9(a) of this Act takes effect immediately under AS 01.10.070(c).

11 \* Sec. 11. Except as provided in sec. 10 of this Act, this Act takes effect July 1, 2001.

## PROPOSED CS FOR SB 94 SECTIONAL SUMMARY

### Section 1

Changes Federal Impact Aid deduction from 90% to 95%; adds funding for nurses; adds funding for vocational education; and changes the local contribution to the lesser of the equivalent of a four mill tax levy or 100% (was 45%).

### Section 2

Makes language changes necessary to comply with changes made in Section 1.

### Section 3

Language changes necessary for adding nursing services.

### Section 4

Language changes to accommodate nursing, vocational education. Changes the word "product" to "number" in two places.

### Section 5

Requires a biennial study by the department that will be submitted to the Legislature and establishes parameters from which study must be done. Anchorage will be used as the base value.

### Section 6

Provides a declining fund adjustment , a gentle slope to compensate for declining enrollments and avoids the current system where funding declines dramatically with the loss of students.

### Section 7

Base student allocation is changed from \$3,940 to \$4,085.

### Section 8

Each school in a community serving more than 400 students will count as a separate school. The current threshold is 750.

### Section 9

Establishes effective dates.

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: SB 94

1 Page 5, following line 7:

2 Insert a new bill section to read:

3 **\*\* Sec. 10.** AS 14.17 is amended by adding a new section to article 1 to read:

4 **Sec. 14.17.495. Supplemental equalization aid.** (a) In addition to public  
5 school funding for which a district may qualify under AS 14.17.410, a school district  
6 is eligible to receive supplemental equalization funds as follows:

7 (1) in a city or borough school district, supplemental equalization aid is  
8 equal to a

9 (A) state share under the following formula:

10 
$$\text{funding} = (V_s / (V_s + V_i)) \times V_s \times 2.5 \text{ mills} \times \text{District ADM};$$

11 (B) local share under the following formula:

12 
$$\text{funding} = (V_s \times 2.5 \text{ mills} \times \text{District ADM}) \text{ minus the amount determined under}$$

13 (A) of this paragraph;

14 (2) in a regional educational attendance area, supplemental  
15 equalization aid is equal to the amount determined under the formula provided under  
16 (1)(A) of this subsection in that regional educational attendance area.

17 (b) In this section,

18 (1) "Vi" means the amount determined by dividing the full and true  
19 value of the taxable real and personal property in the district as calculated under  
20 AS 14.17.510 and AS 29.45.110 by the District ADM for the same fiscal year for  
21 which the valuation of real and personal property was made;

22 (2) "Vs" means the amount determined by dividing the sum of the  
23 property valuations of all districts in the state by the total ADM of all districts in the  
24 state."

1

2 Renumber the following bill sections accordingly.

3

4 Page 5, line 31:

5 Delete "Section 12(a)"

6 Insert "Section 13(a)"

7

8 Page 6, line 1:

9 Delete "sec. 13"

10 Insert "sec. 14"

Supplemental Equalization Mat-Su Borough

Vs		377,815.80
Vi	Mat-Su	233,316.93

State Share		7,457,670.68
Local Share		4,605,421.02

Supplemental Equalization Juneau School District

Vi	Juneau	451,710.88
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State Share		2,375,036.66
Local Share		2,839,510.86

Supplemental Equalization North Slope School District

Vi North Slope		5,220,037.79
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State Share		133,492.04
Local Share		1,844,562.57

Supplemental Equalization Anchorage School District

Vi Anchorage		322,387.86
--------------	--	------------

State Share		25,267,650.60
Local Share		20,616,377.87

Total Required for amendment		118,067,436.80
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Prepared by Senator Green's Office for illustrative purposes only 3/28/2001

## SB 94 EDUCATION FUNDING

### SECTIONAL ANALYSIS

Prepared by Aurora Hauke, Senate HESS Committee Aide

Sec.	Statute	Existing	Changes
1	AS 14.17.300(a) State Aid to Public Schools Public school account	The public school account consists of appropriations for distribution to school districts, the state boarding school, and centralized correspondence study programs.	The account consists of municipal contributions made under AS 4.17.410(g) (see Sec. 3) and appropriations.
2	AS 14.17.410(b) State Aid to Public Schools Public school funding	Public school funding consists of: (1) State aid equals basic need minus local contribution and 90% of federal impact aid; basic need equals sum obtained under (D) multiplied by base student allocation; district adjusted ADM is calculated as follows: (A) ADM of each school is calculated by applying school size factor; (B) (A) is multiplied by district cost factor; (C) Adjusted ADMs of each school in district added and the sum is multiplied by special needs factor; (D) Numbers obtained for intensive services and correspondence study then added. (2) Required local contribution of a school district is equivalent to 4 mills, not to exceed 45% of a district's basic need for the preceding fiscal year.	Federal impact aid percentage considered changed to 100%. The reduction of federal impact aid in REAAs is in lieu of local contribution. Subsection (1)(C) includes two multipliers, special needs factor and vocational education factor (see Sec. 4). 45% cap on local contribution removed. Local contribution can also be basic need for the current fiscal year if the 4-mill contribution is greater than the basic need.
3	AS 14.17.410 State Aid to Public Schools Public school funding	None.	New subsection (g) added. If a district is required to submit local contribution, they will also pay into the public school foundation account the amount of the basic need minus the 4 mills.

Sec.	Statute	Existing	Changes
4	AS 14.17.420(a) State Aid to Public Schools Special needs and intensive services funding	Special needs funding available to help provide special needs, GT, vocational, and bilingual education services with a special needs funding factor of 1.20. Intensive services funding also available.	Adds a cost factor of 0.03 specifically for vocational education. The cost factor of special needs funding is changed to 0.20. (Note: the way that the statute is worded, it is necessary to have the factor by 1.03 and 1.20.
5	AS 14.420(b) State Aid to Public Schools Special needs and intensive services funding	The district must file with the department a plan that indicates the services that will be provided for children with special needs in order to receive special needs funding.	Includes vocational education funding.
6	AS 14.17.440(a) State Aid to Public Schools State funding for state boarding schools	Funding for state boarding schools is as follows: determine ADM by applying school size factor to student count, multiply that number by special needs factor, and multiply that number by base student allocation, and multiply that number by district cost factor.	Multiply the adjusted ADM by the vocational education factor as well.
7	AS 14.17.460(b) State Aid to Public Schools District cost factors	The department must monitor cost factors and must submit proposed district cost factors to the legislature annually.	Repealed and reenacted. District cost factors change every two years. This is up to the discretion of the department.
8	AS 14.17.485 State Aid to Public Schools Declining funding adjustment	None.	New section. If the ADM in a district decrease decreases by 4% in a year or 7% in two years, the district may use the last fiscal year before the decline to offset reduction in state aid as follows: for the first year following base fiscal year, the district is eligible for 75% of the difference; for the second year, the district is eligible for 50% of the difference; for the third year, the district is eligible for 25% of the difference. This schedule is only available for 3 years and does not apply to a decrease in ADM due to a boundary change.
9	AS 14.17.470 State Aid to Public Schools Base student allocation	The base student allocation is \$3,940.	The base student allocation raised to \$4,150.

Sec.	Statute	Existing	Changes
10	AS 14.17.905 State Aid to Public Schools Facilities constituting a school	The determination of the number of schools in a district is subject to the following: a community with an ADM of 10-100 is counted as one school; a community with an ADM of 101-750 is counted as one elementary school (K-6) and one secondary school (7-12); in a community with an ADM over 750, each separate school is counted as one school, except that each alternative school with an ADM of less than 200 is counted as part of the school with the highest ADM.	Second ADM level changed to 101-400. Third ADM level changed to over 400.
11	AS 14.17.490(d) State Aid to Public Schools Public school funding adjustments	Beginning in the FY00, if a district receives more public school funding than the district received in the preceding fiscal year, any amount received by the district shall be reduced by the amount of increase from preceding fiscal year in public school funding multiplied by 40%.	Repealed.
12	Uncodified law	None.	New section TRANSITION added. (a) DEED may immediately adopt regulations, which will not take effect before July 1, 2001, necessary to implement this act. (b) First change in cost factors shall occur on July 1, 2002.
13	Effective date		Section 12(a) of this act takes effect immediately.
14	Effective date		All other sections take effect July 1, 2001.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

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

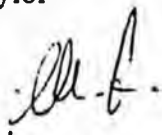
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 15, 2001

**SUBJECT:** Sectional Summary of SB 94 - education funding.

**TO:** Senator Robin Taylor  
Attn: Darrel

**FROM:** Michael F. Ford   
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Specifies that the public school account includes contributions from municipalities required under AS 14.17.410(g).

**Section 2.** Amends the formula used to fund public school education. Increases the deduction for federal impact aid to 100 percent, adds a vocational education funding factor, changes the required local contribution by municipalities.

**Section 3.** Requires certain municipalities to make a payment into the public school foundation account.

**Section 4.** Establishes vocational education funding as a separate component of the public school funding and provides for a funding amount.

**Section 5.** Requires a school district that offers vocational education funding to file a plan with the Department of Education and Early Development.

**Section 6.** Technical amendment for boarding schools.

**Section 7.** Provides that cost factors change biennially, based on changes in district costs determined by the Department of Education and Early Development.

**Section 8.** Establishes a mechanism for adjusting funding when a school district has declining enrollment.

Senator Robin Taylor  
February 15, 2001  
Page 2

**Section 9.** Increases the base student allocation to \$4,150.

**Section 10.** Changes the required ADM from 750 to 400, in order to determine the number of schools in a district.

**Section 11.** Repeals a section of the school funding formula that requires a 40 percent reduction in supplemental funding for certain school districts.

**Section 12.** Transition section.

**Section 13.** Effective date for Sec. 12(a).

**Section 14.** Effective date for all bill sections except sec. 13.

MFF:glc  
01-144.glc

**Subject: Media Advisory - Taylor to Introduce Foundation Formula Bill**

**Date:** Tue, 13 Feb 2001 14:06:49 -0900

**From:** Laura Achee <Laura\_Achee@legis.state.ak.us>

**Organization:** Alaska State Legislature

**To:** media <lsnclaa+media@legis.state.ak.us>, staff <lsnclaa+staff@legis.state.ak.us>, senators <lsnclaa+senators@legis.state.ak.us>, people <lsnclaa+people@legis.state.ak.us>

Alaska State Legislature

Senator Robin Taylor  
District A

For Immediate Release: Feb. 13, 2001  
Contact: Sen. Robin Taylor, (907) 465-3873

Media Advisory  
Taylor to Introduce Foundation Formula Bill

(JUNEAU) - Sen. Robin Taylor (R-Wrangell) intends to introduce legislation in the Senate on Wednesday that will improve the State of Alaska's efforts to fund education through the Foundation Formula. His bill will make necessary changes to the formula to insure that all Alaska students receive an excellent education.

# # #

SB94

**adn.com**

Anchorage Daily News

## **Knowles asks Taylor to pull 'hostile' bill**

### **REQUEST: School funding measure threatens North Slope education.**

By Paul Queary  
The Associated Press

*(Published February 24, 2001)*

Juneau -- Calling the idea inflammatory and hostile, Gov. Tony Knowles is asking one of his most bitter political rivals to withdraw a bill that would pull millions of dollars in state aid and local taxes out of the North Slope Borough and redistribute it to school districts elsewhere in the state.

Knowles, who initially took no position on the bill when Sen. Robin Taylor, R-Wrangell, introduced it last week, apparently got an earful from leaders on the North Slope this week at the Arctic Economic Development Summit in Barrow.

"They told me they see your bill as a direct threat to their kids' opportunity for success and ability to compete for jobs," the Democratic governor wrote in a letter to Taylor. "They said they were distraught and couldn't understand how someone they had never met or talked with could decide that such a bill is a reasonable approach to school funding."

Taylor -- whose bid to oust Knowles from the Governor's Mansion in 1998 failed when he lost the Republican primary, and later as a write-in candidate in the general election -- read the letter on the Senate floor Thursday with sarcastic relish -- saying it was the first personal note Knowles had ever sent him.

"Because they're one of the richest tax bases in the state, maybe they should share with the poorest tax bases in the state," Taylor said.

Taylor's bill would remove a part of the state's education funding formula that lets local school districts contribute 45 percent of their basic educational need to their schools instead of the equivalent of a 4-mill property tax. Because the North Slope Borough taxes billions of dollars worth of oil and gas infrastructure, 45 percent of its basic education need is much smaller than a 4-mill tax, which would more than cover the district's entire education budget.

The change would eliminate the \$13.3 million the district gets from the state. A separate provision would force the borough to pay about \$22.9 million of its local property taxes -- the difference between 4 mills and its basic need -- to the state.

Taylor pointed out that nearly every other community in Alaska pays at least 4 mills and often more for education.

"On the North Slope Borough, they're paying less than 2 mills for education," Taylor said.

Taylor's bill also contains elements designed to build support from other areas of the state.

It would repeal the so-called "eroding floor" installed in Senate Bill 36, which pays some rural districts only 60 percent of their current state aid for new students and could reduce per-student aid in future years. Eliminating that provision is a high priority of Knowles and many rural lawmakers.

The bill also adds \$17.4 million earmarked for vocational education, and increases the per-student amount of money that goes into the formula from \$3,940 to \$4,150 -- an increase of about \$45.4 million statewide, Taylor said.

It also contains a change in the formula that would bring about \$600,000 more to Wrangell and Petersburg, areas of Taylor's district that suffered in the 1998 rewrite.

Close Window

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# *Alaska State Legislature*

*Senator Robin Taylor*

*District A*

State Capitol Rm 30, Juneau, Alaska 99801-1182 Phone (907)465-3873 Fax (907)465-3922




## *Memorandum*

TO: Senator Lyda Green, Chair  
Health, Education and Social Services

FROM: Senator Robin L. Taylor

DATE: February 28, 2001

RE: REQUEST FOR HEARING – SB 94



I would appreciate a hearing of SB 94, short title "An Act relating to education funding; and providing for an effective date."

The scheduling of this bill at your earliest convenience would be greatly appreciated.

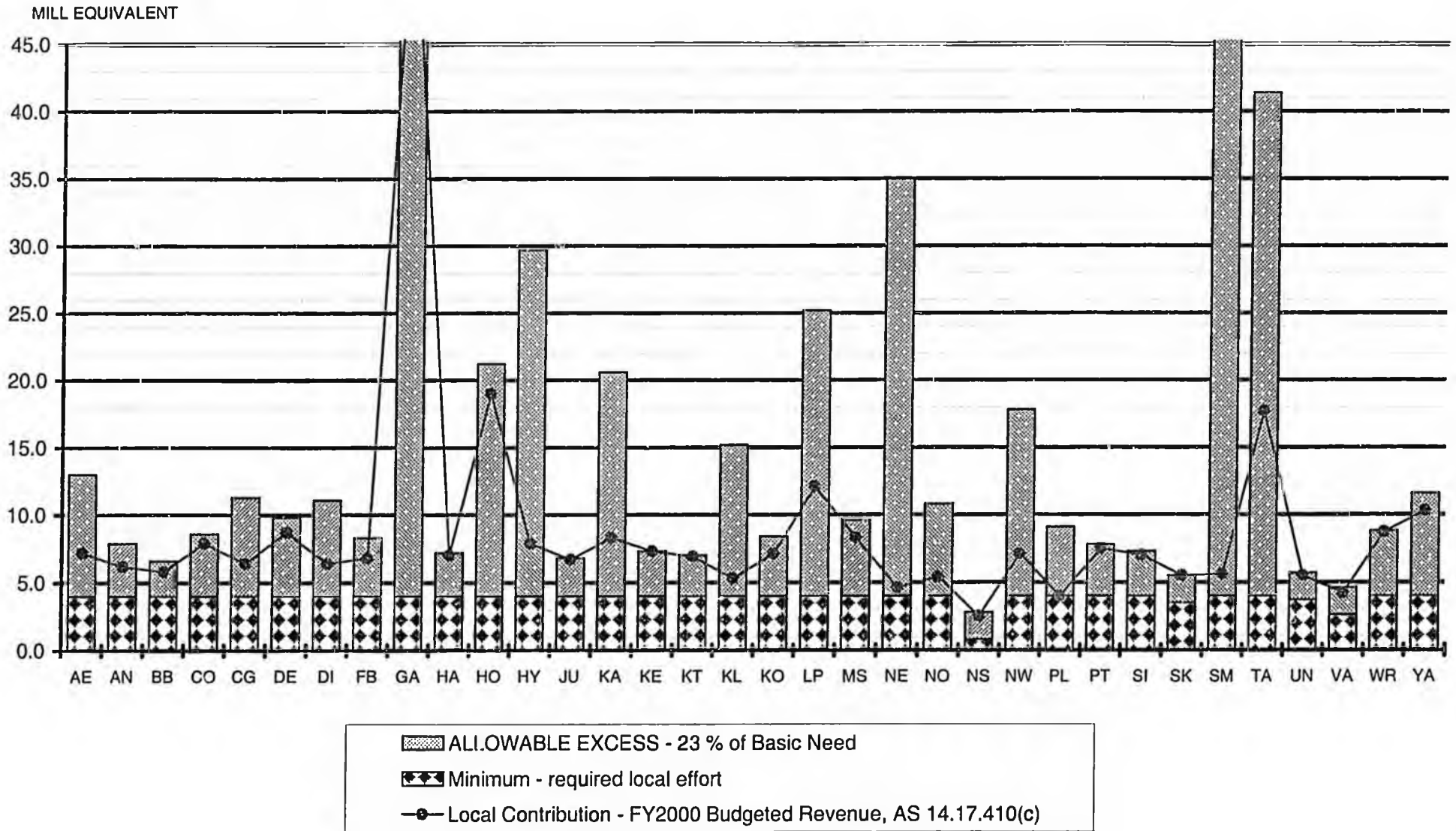
Please call if you have any questions or concerns regarding this bill.

Thank you for your consideration of this request.

# MILL EQUIVALENT OF TAX EFFORT

3/14/2001  
 FILE: Local20012.xls

FY2001 LOCAL EFFORT AS 14.17.410



**THIS CHART HAS BEEN LIMITED TO 45 MILLS**

DISTRICT	TOT PROP VALU	VAL/1 MILL	VAL/4 MILLS	LOC CONTR	MIL/REQ	\$ PER/ST	STU POP	TEACHER	SCHOOL	STU/TEA
ALEUTIANS EAST	96,923,600	96,231	582,492	700,000	7.27	15,556	301	34	6	8.9
ANCHORAGE	15,660,957,500	15,660,958	62,643,832	97,565,255	6.23	5,996	49123	2723	101	17.6
BRISTOL BAY	210,045,900	210,046	840,184	1,212,322	5.77	11,241	243	23	3	13
CORDOVA	165,315,250	163,315	653,260	1,300,000	7.96	7,694	465	36	2	12.2
CRAIG	103,253,900	103,254	413,016	657,443	6.37	7,436	537	26	4	16.3
DENALI	122,745,200	122,745	490,980	1,070,462	8.72	10,491	310	29	3	11.3
DILLINGHAM	146,268,700	145,269	581,076	942,500	6.49	9,151	567	40	2	13.5
FAIRBANKS	4,714,171,310	4,714,171	18,856,564	32,045,700	6.80	6,172	15555	932	32	17.1
GALENA	17,983,300	17,983	71,932	1,016,630	56.53	5,604	3340	41	4	9.1
HAINES	198,061,700	198,062	792,248	1,394,684	7.04	7,814	402	30	5	13.3
HOONAH	25,321,900	25,325	101,300	480,000	18.95	13,443	226	21	2	10.4
HYDABURG	8,223,000	8,223	32,892	65,000	7.90	12,486	91	9	2	12.2
JUNEAU	2,493,796,400	2,493,796	9,975,184	16,824,100	6.75	6,363	5463	315	13	17.7
KAKE	18,064,300	18,064	72,256	150,000	8.30	10,923	165	14	2	14.3
KENAI	4,050,912,920	4,080,913	16,323,652	29,643,758	7.26	6,931	9916	624	41	16.3
KETCHIKAN	1,086,074,100	1,086,074	4,344,296	7,496,187	6.90	6,061	2469	137	9	19.6
KLAWOCK	32,273,800	32,274	129,096	169,952	5.27	10,371	190	16	2	11.5
KODIAK	936,735,100	936,735	3,746,940	6,663,930	7.11	7,655	2735	186	15	15.2
LAKE & PENINSULA	69,241,000	69,241	276,964	837,164	12.09	18,502	480	62	15	9
MAT-SU	2,979,783,820	2,979,784	11,919,136	24,779,139	8.32	14,334	12924	745	31	17
NENANA	18,076,400	18,076	72,304	82,306	4.55	8,530	1889	15	2	9.7
NOME	191,926,100	191,926	767,704	1,034,427	5.39	8,530	761	56	6	13.5
NORTH SLOPE/2	10,931,803,130	10,931,803	43,727,212	27,409,018	2.51	21,071	1957	182	10	10.2
NW ARCTIC	381,186,000	381,186	1,524,744	2,715,493	7.12	12,133	2146	138	13	14.3
PELICAN	12,290,200	12,290	49,160	49,161	4.00	19,531	23	4	1	7.8
PETERSBURG	243,848,900	243,849	975,936	1,839,062	7.54	6,965	678	46	3	16.5
SITKA	635,768,000	635,768	2,543,072	4,451,098	7.00	6,252	1615	108	6	14.7
SKAGWAY	148,776,700	148,777	595,108	816,294	5.49	11,227	132	12	1	10.7
ST. MARY'S	4,500,600	4,501	18,004	25,000	5.55	13,795	131	11	2	12.2
TANANA	5,834,100	5,834	23,336	103,000	17.66	15,127	80	8	1	11.6
UNALASKA/2	375,842,900	375,843	1,503,372	2,064,486	5.49	9,522	352	30	2	1.6
VALDEZ/2	948,643,590	948,644	3,794,576	4,001,316	4.22	8,682	856	55	3	14.7
WRANGELL	148,029,200	148,029	592,116	1,293,416	8.74	7,267	491	33	3	16.1
YAKUTAT	44,296,200	44,296	177,184	457,708	10.33	12,650	167	16	2	10.7

# Alaska State Legislature

Senator Robin Taylor

District A

State Capitol Rm 30, Juneau, Alaska 99801-1182 Phone (907)465-3873 Fax (907)465-3922

File SB 94  
J



## Memorandum

**TO:** All HESS Committee Members

**FROM:** Senator Robin L. Taylor *Robin*

**DATE:** March 16, 2001

**RE:** Testimony of Carl Rose on SB 94 before HESS Committee

---

Dear Committee Members:

The testimony given by Carl Rose today focused on the way SB 94 in its present form would victimize the poor little community of Skagway, and in fact, would COST them \$65,761.00. Mr. Rose did not tell the Committee that 1 mill of property tax in Skagway equates to \$148,777. In other words, ½ mill would make up the difference between the local contribution under SB 36 and the local contribution under SB 94 if Skagway wanted their current school funding to remain status quo. Because Skagway is now contributing the equivalent of 5.49 mills, another ½ mill could hardly be considered a terrible burden, could it? Neither did Mr. Rose tell the Committee that for the next 6 years, Skagway will be receiving approximately \$165,000 per year in Federal Timber Receipts. Mr. Rose knew both of those facts going in to that meeting. He just didn't find it necessary to mention them.

Ladies and Gentlemen, my point is that Mr. Rose took advantage of the opportunity to speak to a captive audience and portray this piece of legislation as a terrible burden on one community, thereby detracting from the positive advantages to the majority of the school districts in Alaska.

I would also like to add that, despite two separate invitations to discuss this bill with me prior to the bill being heard by any committee, I had no response.

# Alaska State Legislature

*Chairman,*  
Judiciary Committee

*Vice-Chairman,*  
Administrative Regulations  
Revenue Committee

*Member,*  
Transportation Committee  
Resources Committee



**Senator Robin L. Taylor**

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
Fax: (907) 465-3922

50 Front Street  
Suite 203  
Ketchikan, Alaska 99901  
(907) 225-8088  
Fax: (907) 225-0713

## SPONSOR STATEMENT

### SB 94

SB 94 is an attempt to improve the current foundation funding for public schools as set forth in Chapter 17 and to increase the appropriation to fund schools.

SB 94 includes municipal contributions in the public school account. However, the 45% cap has been repealed, thereby altering the required local contribution for municipalities.

This bill requires that all federal impact aid be counted, along with the required local contribution from the local school's "basic need".

In REAA Districts, the reduction of eligible federal impact aid will be subtracted from basic need. REAA's do not contribute local taxes.

This bill takes funding for vocational education out of the 20% currently in statute for special education, gifted education and bilingual education. The vocational education program will be separately funded. This is an increase of 3% in the formula. Present statutes have reduced the incentive for schools to apply funding to quality vocational education. The result is poor or no vocational education programs to serve students for whom vocational education is the preferred strand. The critical shortage of vocational education programs in our schools is an unintended consequence of past legislative reform. This bill will correct the problem by directing attention to the need for schools to provide a specific level of funding to vocational education.

This bill repeals 14.17.490(d). That provision caused a reduction in the funding floor for certain districts by 40% for new funding generated by the foundation formula.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

E-mail: [Senator\\_Robin\\_Taylor@legis.state.ak.us](mailto:Senator_Robin_Taylor@legis.state.ak.us)

A declining funding adjustment based on the loss of student enrollments is provided. If enrollment decreases 4% in one year or 7% in two years, the district will receive 75% of the loss in year one and 50% in year two and 25% in year three.

This bill reduces the number of students required to count as a school, from 750 in current statute to 400.

The base student allocation is increased from \$3,940 to \$4,150, an increase of \$210 per student.

Section 14.17.460(b) – AREA COST DIFFERENTIAL - is repealed and reenacted to read:

(b) The cost factors established under (a) of this section shall be established by the department no later than January 15, 2002. The department will set the cost figures based upon a study of the cost of doing business in each school district. The study will take into account, the cost of living, i.e., groceries, energy, utilities, transportation, medical, property values, and other local costs that contribute to the cost of doing business. Cost differentials will be set for each district with Anchorage at the base of 100%. Various indices and surveys conducted by state, federal and private sources may be used to document cost differentials.

The department will conduct subsequent cost of doing business studies no more than two years apart and set the amount by January 15 every even numbered year. The legislature may adjust differentials to reflect changes between studies.











**Subject: Funding for School Nurses**

**Date:** Fri, 23 Feb 2001 10:06:42 -0900

**From:** "Gracie Rockwood" <grockwood@kpbsd.k12.ak.us>

**To:** Senator\_Kim\_Elton@legis.state.ak.us, Senator\_Alan\_Austerman@legis.state.ak.us, Senator\_John\_Torgerson@legis.state.ak.us, Senator\_Jerry\_Ward@legis.state.ak.us, Senator\_Drue\_Pearce@legis.state.ak.us, Senator\_Loren\_Leman@legis.state.ak.us, Senator\_Johnny\_Ellis@legis.state.ak.us, Senator\_John\_Cowdery@legis.state.ak.us, Senator\_Dave\_Donley@legis.state.ak.us, Senator\_Bettye\_Davis@legis.state.ak.us, Senator\_Randy\_Phillips@legis.state.ak.us, Senator\_Rick\_Halford@legis.state.ak.us, Senator\_Lyda\_Green@legis.state.ak.us, Senator\_Gary\_Wilken@legis.state.ak.us, Senator\_Pete\_Kelly@legis.state.ak.us

**CC:** Senator\_Gene\_Therriault@legis.state.ak.us, Senator\_Georgianna\_Lincoln@legis.state.ak.us, Senator\_Donald\_Olson@legis.state.ak.us, Senator\_Lyman\_Hoffman@legis.state.ak.us

Dear Senators,

There should be an involvement by the legislature to help provide a school nurse in every school in Alaska. This issue needs to be addressed in SB94. We know the statistics for our population. We know that our state is one that has the highest rate of drug & alcohol abuse, teen pregnancies and many other health issues. As a result, the products of these abuses are entering our schools. We are seeing sicker and sicker students every year while our school boards choose to reduce the hours nurses can care for them. These students handicaps both physically and emotionally need support in order to succeed in our educational environment. The students in Alaska schools need a school nurse. They have a fundamental right to this service. They have a constitutional right to receive this service. We have a moral obligation to see that they get this service. You have the power to consider a specific funding item within SB94 for school nurses so they will always have this service. How can our students become our leaders in the future if they are too sick to be educated? The answer - provide them with a school nurse.

Please let me know if there is anything I can do to help with this very important public health issue.

Gracie Rockwood, BSN  
grockwood@kpbsd.k12.ak.us

NVR

# ALASKA STATE LEGISLATURE



*Interim:*

600 East Railroad Avenue  
Wasilla, Alaska 99654  
(907) 376-3370  
(907) 376-3157 Fax

*Session:*

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-6600  
(907) 465-3805 Fax

## SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE SENATOR LYDA GREEN, CHAIR

To: Mike Ford, Legislative Legal Services

From: Aurora Hauke, Committee Aide

A handwritten signature in black ink, appearing to read "Aurora Hauke".

Date: March 27, 2001

Subject: SB 94 EDUCATION FUNDING

---

Please prepare a HESS CS for SB 94 EDUCATION FUNDING including the following changes:

1. Delete Section 1.
2. Section 2, Page 1, Line 12: Changed 100 percent of eligible federal impact aid to 95 percent of eligible federal impact aid.
3. Section 2, Page 2, Line 19. Required local contribution should be changed to 4 mills or 100% of basic need, whichever is lower.
4. Section 4, Page 3, Line 14. Vocational education funding factor should be changed from 0.03 to 0.02.
5. Section 9, Page 5, Line 7. Base student allocation should be changed from \$4,150 to \$4,085.
6. Delete Section 11.
7. Incorporate Amendment 22-LS0208J.1 offered by Senator Taylor.
8. Incorporate Amendment 22-LS0208J.2 offered by Senator Taylor.

I will need this for my committee meeting tomorrow, Wednesday, March 28, 2001. I would prefer to have it in the morning so that I can write an explanation to go along with it. Thank you for your help. If you have any questions or comments, please give me a call at x3152.

SENATOR LOREN LEMAN, VICE-CHAIR  
SENATOR JERRY WARD, SENATOR GARY WILKEN, SENATOR BETTYE DAVIS

2009

TOTAL

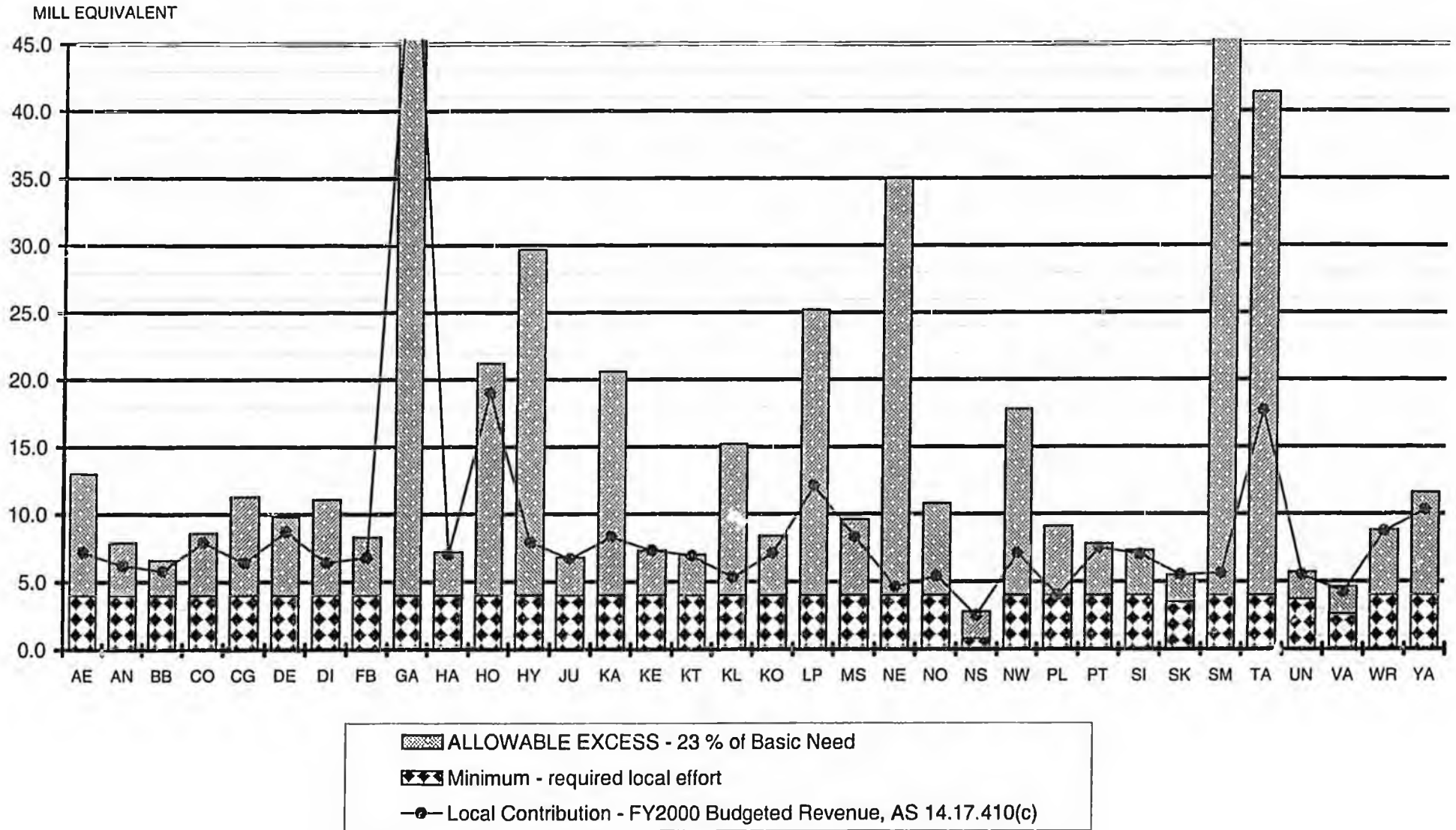
DISTRICT	TOT PROP VALU	VAL/1 MILL	VAL/4 MILLS	LOC CONTR	MIL/REQ	S PER/ST	STU POP	TEACHER	SCHOOL	STU/TEA
ALEUTIANS EAST	96,923,600	96,231	582,492	700,000	7.27	15,556	301	34	6	8.9
ANCHORAGE	15,660,957,500	15,660,958	62,643,832	97,565,255	6.23	5,996	49123	2723	101	17.6
BRISTOL BAY	210,045,900	210,046	840,184	1,212,322	5.77	11,241	243	23	3	13
CORDOVA	165,315,250	163,315	653,260	1,300,000	7.96	7,694	465	36	2	12.2
CRAIG	103,253,900	103,254	413,016	657,443	6.37	7,436	537	26	4	16.3
DENALI	122,745,200	122,745	490,980	1,070,462	8.72	10,491	310	29	3	11.3
DILLINGHAM	146,268,700	145,269	581,076	942,500	6.49	9,151	567	40	2	13.5
FAIRBANKS	4,714,171,310	4,714,171	18,856,564	32,045,700	6.80	6,172	15555	932	32	17.1
GALENA	17,983,300	17,983	71,932	1,016,630	56.53	5,604	3340	41	4	9.1
HAINES	198,061,700	198,062	792,248	1,394,684	7.04	7,814	402	30	5	13.3
HOONAH	25,321,900	25,325	101,300	480,000	18.95	13,443	226	21	2	10.4
HYDABURG	8,223,000	8,223	32,892	65,000	7.90	12,486	91	9	2	12.2
JUNEAU	2,493,796,400	2,493,796	9,975,184	16,824,100	6.75	6,363	5463	315	13	17.7
KAKE	18,064,300	18,064	72,256	150,000	8.30	10,923	165	14	2	14.3
KENAI	4,050,912,920	4,080,913	16,323,652	29,643,758	7.26	6,931	9916	624	41	16.3
KETCHIKAN	1,086,074,100	1,086,074	4,344,296	7,496,187	6.90	6,061	2469	137	9	19.6
KLAWOCK	32,273,800	32,274	129,096	169,952	5.27	10,371	190	16	2	11.5
KODIAK	936,735,100	936,735	3,746,940	6,663,930	7.11	7,655	2735	186	15	15.2
LAKE & PENINSULA	69,241,000	69,241	276,964	837,164	12.09	18,502	480	62	15	9
MAT-SU	2,979,783,820	2,979,784	11,919,136	24,779,139	8.32	14,334	12924	745	31	17
NENANA	18,076,400	18,076	72,304	82,306	4.55	8,530	1889	15	2	9.7
NOME	191,926,100	191,926	767,704	1,034,427	5.39	8,530	761	56	6	13.5
NORTH SLOPE/2	10,931,803,130	10,931,803	43,727,212	27,409,018	2.51	21,071	1957	182	10	10.2
NW ARCTIC	381,186,000	381,186	1,524,744	2,715,493	7.12	12,133	2146	138	13	14.3
PELICAN	12,290,200	12,290	49,160	49,161	4.00	19,531	23	4	1	7.8
PETERSBURG	243,848,900	243,849	975,936	1,839,062	7.54	6,965	678	46	3	16.5
SITKA	635,768,000	635,768	2,543,072	4,451,098	7.00	6,252	1615	108	6	14.7
SKAGWAY	148,776,700	148,777	595,108	816,294	5.49	11,227	132	12	1	10.7
ST. MARY'S	4,500,600	4,501	18,004	25,000	5.55	13,795	131	11	2	12.2
TANANA	5,834,100	5,834	23,336	103,000	17.66	15,127	80	8	1	11.6
UNALASKA/2	375,842,900	375,843	1,503,372	2,064,486	5.49	9,522	352	30	2	1.6
VALDEZ/2	948,643,590	948,644	3,794,576	4,001,316	4.22	8,682	856	55	3	14.7
WRANGELL	148,029,200	148,029	592,116	1,293,416	8.74	7,267	491	33	3	16.1
YAKUTAT	44,296,200	44,296	177,184	457,708	10.33	12,650	167	16	2	10.7

*Refer*

# MILL EQUIVALENT OF TAX EFFORT

3/14/2001  
File: Local20012.xls

## FY2001 LOCAL EFFORT AS 14.17.410



**THIS CHART HAS BEEN LIMITED TO 45 MILLS**

ALASKA DEPARTMENT OF EDUCATION  
FY2001 FOUNDATION PROGRAM AS 14.17.410

Abbreviations for chart

	REQUIRED MILL EQUIV.	ALLOWABLE EXCESS MILL EQUIV.	AS 14.17.410(c) BUDGETED MILL EQUIV.	1999 FULL VALUE DETERMINATION BY C&RA	FY2000 REQUIRED LOCAL	ALLOWABLE EXCESS	TOTAL ALLOWABLE LOCAL	AS 14.17.410(c) BUDGETED LOCAL
ALEUTIANS EAST = AE	4.0	9.0	7.2	\$96,923,600	\$387,694	\$872,988	\$1,260,682	\$700,000
ANCHORAGE = AN	4.0	3.9	6.2	15,660,957,500	62,643,830	60,556,579	\$123,200,409	\$97,565,255
BRISTOL BAY = BB	4.0	2.6	5.8	210,045,900	840,184	546,982	\$1,387,166	\$1,212,322
CORDOVA = CO	4.0	4.6	7.9	165,315,250	661,261	753,505	\$1,414,766	\$1,300,000
CRAIG = CG	4.0	7.3	8.4	103,253,900	413,016	751,167	\$1,164,183	\$657,443
DENALI = DE	4.0	5.8	8.7	122,745,200	490,981	766,691	\$1,197,672	\$1,070,462
DILLINGHAM = DI	4.0	7.1	6.4	148,268,700	585,075	1,044,830	\$1,629,905	\$942,500
FAIRBANKS = FB	4.0	4.3	6.8	4,714,171,310	18,856,685	20,316,542	\$39,173,227	\$32,045,700
GALENA = GA	4.0	154.7	56.5	17,983,300	71,933	2,782,424	\$2,854,357	\$1,016,630
HAINES = HA	4.0	3.2	7.0	198,061,700	792,247	639,687	\$1,431,934	\$1,394,684
HOONAH = HO	4.0	17.2	19.0	25,321,900	101,288	434,713	\$538,001	\$480,000
HYDABURG = HY	4.0	25.7	7.9	8,223,000	32,892	211,534	\$244,426	\$65,000
JUNEAU = JU	4.0	2.8	6.7	2,493,796,400	9,975,186	7,002,026	\$16,977,212	\$16,824,100
KAKE = KA	4.0	16.6	8.3	18,064,300	72,257	299,626	\$371,883	\$150,000
KENAI = KE	4.0	3.3	7.3	4,050,912,920	16,203,652	13,440,106	\$29,643,758	\$29,643,758
KETCHIKAN = KT	4.0	3.0	6.9	1,086,074,100	4,344,296	3,211,536	\$7,555,832	\$7,496,187
KLAWOCK = KL	4.0	11.2	5.3	32,273,800	129,095	382,335	\$491,430	\$169,952
KODIAK = KO	4.0	4.4	7.1	936,735,100	3,746,940	4,141,035	\$7,887,975	\$6,663,930
LAKE AND PENINS = LP	4.0	21.2	12.1	69,241,000	276,964	1,468,878	\$1,745,842	\$837,164
MAT-SU = MS	4.0	5.6	8.3	2,979,783,820	11,919,135	16,748,760	\$28,667,895	\$24,779,139
NENANA = NE	4.0	85.7	4.6	18,076,400	72,306	1,548,451	\$1,620,757	\$82,306
NOME = NO	4.0	6.8	5.4	191,928,100	767,704	1,313,573	\$2,081,277	\$1,034,427
NORTH SLOPE /2 = NS	0.8	2.0	2.5	10,931,803,130	8,741,954	21,883,606	\$30,605,560	\$27,409,018
NORTHWEST ARC = NW	4.0	13.8	7.1	381,186,000	1,524,744	5,246,046	\$6,770,790	\$2,715,493
PELICAN = PL	4.0	5.1	4.0	12,290,200	49,161	62,365	\$111,526	\$49,161
PETERSBURG = PT	4.0	3.8	7.5	243,848,000	975,396	\$24,487	\$1,899,883	\$1,839,062
SITKA = SI	4.0	3.3	7.0	635,768,000	2,543,072	2,071,138	\$4,614,210	\$4,451,098
SKAGWAY = SK	3.5	2.0	5.5	148,776,700	524,241	297,553	\$821,794	\$816,294
ST MARY'S = SM	4.0	77.4	5.8	4,500,600	18,002	348,488	\$366,490	\$25,000
TANANA = TA	4.0	37.4	17.7	5,834,100	23,338	218,412	\$241,748	\$103,000
UNALASKA /2 = UN	3.5	2.0	5.5	375,842,900	1,312,800	751,686	\$2,064,486	\$2,064,486
VALDEZ /2 = VA	2.7	2.0	4.2	948,643,590	2,571,754	1,897,287	\$4,469,041	\$4,001,316
WRANGELL = WR	4.0	4.8	8.7	148,029,200	592,117	703,220	\$1,295,337	\$1,293,416
YAKUTAT = YA	4.0	7.6	10.3	44,296,200	177,185	537,723	\$514,908	\$457,708
<b>TOTALS</b>		Average contribution in mills >>	8.9	\$47,226,974,720	\$152,438,383	\$173,875,979	\$326,314,362	\$271,356,011

/1 Can not exceed the total allowable local  
/2 Required local effort is limited to 35% of Basic Need of the preceding year. Allowable excess is 2 mills

CHART INFO:

Abbreviations for chart

	REQUIRED MILL EQUIV.	ALLOWABLE EXCESS MILL EQUIV.	AS 14.17.250(7) BUDGETED MILL EQUIV.	
ALEUTIANS EAST = AE	4.0	9.0	7.2	13.0
ANCHORAGE = AN	4.0	3.9	6.2	7.9
BRISTOL BAY = BB	4.0	2.6	5.8	6.6
CORDOVA = CO	4.0	4.6	7.9	8.6
CRAIG = CG	4.0	7.3	8.4	11.3
DENALI = DE	4.0	5.8	8.7	9.8
DILLINGHAM = DI	4.0	7.1	6.4	11.1
FAIRBANKS = FB	4.0	4.3	6.8	8.3
GALENA = GA	4.0	154.7	56.5	158.7
HAINES = HA	4.0	3.2	7.0	7.2
HOONAH = HO	4.0	17.2	19.0	21.2
HYDABURG = HY	4.0	25.7	7.9	29.7
JUNEAU = JU	4.0	2.8	6.7	6.8
KAKE = KA	4.0	16.6	8.3	20.6
KENAI = KE	4.0	3.3	7.3	7.3
KETCHIKAN = KT	4.0	3.0	6.9	7.0
KLAWOCK = KL	4.0	11.2	5.3	15.2
KODIAK = KO	4.0	4.4	7.1	8.4
LAKE AND PENINS = LP	4.0	21.2	12.1	25.2
MAT-SU = MS	4.0	5.6	8.3	9.6
NENANA = NE	4.0	85.7	4.6	35.0
NOME = NO	4.0	6.8	5.4	10.8
NORTH SLOPE /2 = NS	0.8	2.0	2.5	2.8
NORTHWEST ARC = NW	4.0	13.8	7.1	17.8
PELICAN = PL	4.0	5.1	4.0	9.1
PETERSBURG = PT	4.0	3.8	7.5	7.8
SITKA = SI	4.0	3.3	7.0	7.3
SKAGWAY = SK	3.5	2.0	5.5	5.5
ST MARY'S = SM	4.0	77.4	5.8	81.4
TANANA = TA	4.0	37.4	17.7	41.4
UNALASKA /2 = UN	3.5	2.0	5.5	5.7
VALDEZ /2 = VA	2.7	2.0	4.2	4.6
WRANGELL = WR	4.0	4.8	8.7	8.8
YAKUTAT = YA	4.0	7.6	10.3	11.6

ALASKA DEPARTMENT OF EDUCATION  
FY2001 BUDGETED SCHOOL OPERATING FUND

	TAX APPROP.	IN-KIND SERVICES	TOTAL LOCAL REV.	ADM				
				ADM	required ADM	allow excess ADM	Allowable ADM	budgeted ADM
0 ALEUTIANS EAST	\$700,000	\$0	\$700,000	307.75	\$1,260	\$2,837	\$4,098	\$2,275
0 ANCHORAGE	97,565,255		\$97,565,255	48578.21	\$1,290	1,247	2,536	2,008
0 BRISTOL BAY	997,950	214,372	\$1,212,322	382.07	\$2,199	1,432	3,631	3,173
0 CORDOVA	1,300,000	0	\$1,300,000	475.95	\$1,389	1,583	2,973	2,731
0 CRAIG	443,016	214,427	\$657,443	516.3	\$600	1,455	2,255	1,273
0 DENALI	1,070,462	0	\$1,070,462	312.65	\$1,570	2,260	3,831	3,424
0 DILLINGHAM	942,500	0	\$942,500	579.85	\$1,009	1,802	2,811	1,625
0 FAIRBANKS	32,045,700	0	\$32,045,700	15546.5	\$1,213	1,307	2,520	2,061
0 GALENA	25,000	991,630	\$1,016,630	3334.5	\$22	834	656	305
0 HAINES	1,394,684	0	\$1,394,684	407.15	\$1,946	1,571	3,517	3,425
0 HOONAH	82,000	398,000	\$480,000	226.9	\$446	1,916	2,362	2,115
0 HYDABURG	0	65,000	\$65,000	102.85	\$320	2,057	2,377	632
0 JUNEAU	16,824,100	0	\$16,824,100	5520.78	\$1,807	1,268	3,075	3,047
0 KAKE	0	150,000	\$150,000	165	\$438	1,816	2,254	909
0 KENAI	23,742,747	5,901,011	\$29,643,758	9948.74	\$1,629	1,351	2,980	2,980
0 KETCHIKAN	7,221,187	275,000	\$7,496,187	2464.75	\$1,763	1,303	3,066	3,041
0 KLAWOCK	169,952	0	\$169,952	207.9	\$621	1,743	2,364	817
0 KODIAK	5,966,440	697,490	\$6,663,930	2775.65	\$1,350	1,492	2,842	2,401
0 LAKE & PENINSULA	837,164	0	\$837,164	462.48	\$599	3,176	3,775	1,810
0 MAT-SU	24,779,139	0	\$24,779,139	12771.4	\$933	1,311	2,245	1,940
0 NENANA	72,306	10,000	\$82,306	1828.25	\$40	847	887	45
0 NOME	1,034,427	0	\$1,034,427	778.95	\$988	1,691	2,679	1,331
0 NORTH SLOPE	27,409,018	0	\$27,409,018	2094.2	\$4,174	10,440	14,814	13,088
0 NORTHWEST ARCTIC	2,715,493	0	\$2,715,493	2203.15	\$692	2,381	3,073	1,233
0 PELICAN	49,161	0	\$49,161	23	\$2,137	2,712	4,849	2,137
0 PETERSBURG	1,839,062	0	\$1,839,062	678.3	\$1,438	1,363	2,801	2,711
0 SITKA	4,451,098	0	\$4,451,098	1581	\$1,609	1,310	2,919	2,815
0 SKAGWAY	816,294	0	\$816,294	136.75	\$3,834	2,176	6,009	5,969
0 ST MARY'S	0	25,000	\$25,000	137.7	\$131	2,531	2,662	182
0 TANANA	0	163,000	\$163,000	80	\$292	2,730	3,022	1,288
0 UNALASKA	2,064,486	0	\$2,064,486	351.34	\$3,737	2,139	5,876	5,876
0 VALDEZ	4,001,316	0	\$4,001,316	884.75	\$2,974	2,194	5,168	4,627
0 WRANGELL	1,264,476	28,940	\$1,293,416	488.35	\$1,212	1,440	2,652	2,649
0 YAKUTAT	424,708	33,000	\$457,708	166.25	\$1,066	2,031	3,097	2,753
<b>Total</b>	<b>\$262,749,141</b>	<b>\$9,106,870</b>	<b>\$271,856,011</b>					

/1 Can not exceed the total allowable local  
/2 Required local effort is limited to 35% of Basic Need of the preceding year. Allowable excess is 2 mills



# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

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

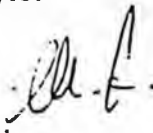
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 15, 2001

**SUBJECT:** Sectional Summary of SB 94 - education funding.

**TO:** Senator Robin Taylor  
Attn: Darrel

**FROM:** Michael F. Ford   
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Specifies that the public school account includes contributions from municipalities required under AS 14.17.410(g).

**Section 2.** Amends the formula used to fund public school education. Increases the deduction for federal impact aid to 100 percent, adds a vocational education funding factor, changes the required local contribution by municipalities.

**Section 3.** Requires certain municipalities to make a payment into the public school foundation account.

**Section 4.** Establishes vocational education funding as a separate component of the public school funding and provides for a funding amount.

**Section 5.** Requires a school district that offers vocational education funding to file a plan with the Department of Education and Early Development.

**Section 6.** Technical amendment for boarding schools.

**Section 7.** Provides that cost factors change biennially, based on changes in district costs determined by the Department of Education and Early Development.

**Section 8.** Establishes a mechanism for adjusting funding when a school district has declining enrollment.

Senator Robin Taylor  
February 15, 2001  
Page 2

Section 9. Increases the base student allocation to \$4,150.

Section 10. Changes the required ADM from 750 to 400, in order to determine the number of schools in a district.

Section 11. Repeals a section of the school funding formula that requires a 40 percent reduction in supplemental funding for certain school districts.

Section 12. Transition section.

Section 13. Effective date for Sec. 12(a).

Section 14. Effective date for all bill sections except sec. 13.

MFF:glc  
01-144.glc

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: SB 94  
 Bill Version: \_\_\_\_\_  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
 Title: An Act relating to education funding; and BRU: K-12 Support  
providing for an effective date. Component: Foundation Program  
 Sponsor: Senator Taylor  
 Requester: Senate HESS Component Number: 141

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	46,666.0	46,666.0	46,666.0	46,666.0	46,666.0	46,666.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>21,255.8</b>	<b>21,255.8</b>	<b>21,255.8</b>	<b>21,255.8</b>	<b>21,255.8</b>	<b>21,255.8</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	46,666.0	46,666.0	46,666.0	46,666.0	46,666.0	46,666.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>	<b>46,666.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Attached is a sectional analysis for SB94.

Under section 3, if a municipality's 4 mill equivalent exceeds the districts basic need that municipality must pay to the public school account the difference. This provision applies to the North Slope Borough and would require that municipality to pay approximately \$21,255,800 to the public school account. This amount is reflected in the "change in revenues" section of this fiscal note.

Section 8 provides a hold harmless for districts that experience declining enrollment. Because this legislation provides all districts that project declining enrollments more state aid, no district qualified for this provision at this time.

Prepared by: Eddy Jeans, School Finance Manager Phone 465-8679  
 Division: Education Support Services Date/Time 3/5/01 12:00 AM  
 Approved by: Shirley J. Holloway, Commissioner Date 3/6/01  
 Agency: Education & Early Development

For distribution information, call the Governor's Legislative Office

Alaska Department of Education & Early Development  
 SB94 Sectional Analysis  
 Prepared 3/5/01

	Section 2 Impact aid	Section 2 4 mill local effort	Section 4	Section 6	Section 9	Section 10	Cumulative Change	Section 11
Alaska Gateway	(24,031)	-	110,412	-	252,101	-	338,482	119,826
Aleutian Region	(23,737)	-	30,659	-	66,780	-	73,702	38,926
Aleutians East	(59,404)	-	93,639	-	203,791	-	238,026	-
Anchorage	(609,205)	-	6,192,761	-	14,415,667	-	19,999,223	-
Annette Island	(174,697)	-	58,035	-	132,571	-	15,909	-
Bering Strait	(630,956)	-	525,593	-	1,156,582	-	1,051,219	-
Bristol Bay	(22,640)	-	56,611	-	128,472	-	162,443	-
Chatham	(32,907)	-	60,606	-	132,972	-	160,671	-
Chugach	(10,710)	-	23,222	-	67,337	-	79,849	36,186
Copper River	(16,320)	-	121,173	-	296,029	-	400,882	15,984
Cordova	(966)	-	81,374	-	179,238	-	259,646	47,151
Craig	(17,485)	-	66,856	-	193,767	-	243,138	-
Delta/Greely	(24,628)	-	84,619	-	221,246	-	281,237	-
Denali	(544)	-	72,870	-	158,558	-	230,884	-
Dillingham	(19,825)	-	108,632	-	247,939	-	336,746	79,467
Fairbanks	(545,630)	-	2,040,426	-	4,745,679	-	6,240,475	-
Galena	(3,384)	-	58,746	-	677,859	-	733,221	294,547
Haines	(470)	-	65,670	-	149,176	-	214,376	7,573
Hoonah	(11,376)	-	43,200	-	103,400	-	135,224	35,737
Hydaburg	(9,364)	-	21,679	-	48,195	-	60,510	7,244
Iditarod	(50,622)	-	112,944	-	299,372	-	361,694	164,743
Juneau	(12)	-	717,223	-	1,681,342	-	2,398,553	-
Kake	(16,968)	-	31,845	-	70,342	-	85,219	34,232
Kashunamiut	(116,934)	-	75,758	-	168,061	-	126,885	-
Kenai	-	-	1,387,212	-	3,187,168	-	4,574,380	-
Ketchikan	(101)	-	332,502	-	761,828	-	1,094,229	-
Klawock	(11,092)	-	37,937	-	92,638	-	119,483	52,169
Kodiak	(101,918)	-	444,693	-	997,847	-	1,340,622	-
Kuspuk	(144,914)	-	147,480	-	321,979	-	324,545	65,720
Lake & Peninsula	(46,758)	-	161,364	-	351,543	-	466,149	195,874
Lower Kuskokwim	(926,854)	-	959,964	-	2,128,148	-	2,161,258	1,233,691
Lower Yukon	(677,594)	-	510,680	-	1,126,157	-	959,243	-
Mat-Su	-	-	1,689,370	-	4,053,725	-	5,743,095	-
Nenana	(113)	-	34,655	-	327,352	-	361,894	-
Nome	(4,025)	-	141,743	-	310,895	-	448,613	95,798
North Slope	-	(9,802,554)	-	-	-	-	(9,802,554)	-
Northwest Arctic	(199,068)	-	588,217	-	1,287,958	-	1,677,107	-
Pelican	-	-	6,805	-	14,813	-	21,618	8,636
Petersburg	(126)	-	106,614	-	238,416	341,007	685,911	-
Pribilof	(71,372)	-	41,023	-	91,311	-	60,962	28,203
Sitka	(756)	-	215,127	-	491,333	-	705,704	-
Skagway	-	(162,706)	30,421	-	66,524	-	(65,761)	38,729
Southeast Island	(28,090)	-	64,760	-	148,697	-	185,367	85,278
Southwest Region	(307,614)	-	216,236	-	475,858	-	384,480	-
St. Mary's	(50)	-	38,967	-	90,111	-	129,028	51,568
Tanana	(1,110)	-	22,905	-	70,924	-	92,719	-
Unalaska	(495)	(230,387)	72,158	-	158,107	-	(617)	91,974
Valdez	(3,088)	(1,365,230)	137,906	-	309,536	-	(920,876)	151,710
Wrangell	(32)	-	78,646	-	173,248	218,529	470,391	-
Yakutat	(7,113)	-	35,089	-	79,530	-	107,506	41,315
Yukon Flats	(132,821)	-	112,746	-	246,459	-	226,384	143,500
Yukon/Kovukuk	(143,819)	-	154,046	-	339,499	-	349,726	72,693
Yupit	(163,161)	-	120,540	-	263,393	-	220,772	153,378
Alveska Central School	-	-	-	-	230,328	-	230,328	-
Mt. Edgecumbe	(66,116)	-	-	47,907	104,276	-	86,067	-
<b>TOTALS:</b>	<b>(5,461,015)</b>	<b>(11,560,877)</b>	<b>18,744,359</b>	<b>47,907</b>	<b>44,336,077</b>	<b>559,536</b>	<b>46,665,987</b>	<b>3,391,852</b>

Section 2 - changes Impact Aid deduct from 90% to 100% and requires all municipalities to contribute at 4 mills, capped at basic need.

Sections 4 & 6 - provide a 3% block funding allocation for vocational education programs.

Section 9 - increases the base student allocation by \$210 from \$3,940 to \$4,150.

Section 10 - Each school in a community serving more than 400 students will count as a separate school. The current threshold is 750 students.

Section 11 - repeals the erosion of the supplemental funding floor.

Changes due to SB94 do not include Section 11 because the supplemental funding floor is included in the FY02 Projected State Aid.

Alaska Department of Education & Early Development  
Change in State Aid if SB 94 is Adopted  
Prepared 3/5/01

	FY02 Projected State Aid	Changes due to SB 94	Projected Revised FY02 State Aid
Alaska Gateway	4,720,721	338,482	5,059,203
Aleutian Region	1,170,144	73,702	1,243,846
Aleutians East	2,822,075	238,026	3,060,101
Anchorage	193,595,132	19,999,223	213,594,355
Annette Island	867,075	15,909	882,984
Bering Strait	15,583,586	1,051,219	16,634,805
Bristol Bay	1,340,580	162,443	1,503,023
Chatham	2,148,172	160,671	2,308,843
Chugach	1,698,865	79,849	1,778,714
Copper River	5,324,548	400,882	5,725,430
Cordova	2,638,380	259,646	2,898,026
Craig	3,013,383	243,138	3,256,521
Delta/Greely	4,246,748	281,237	4,527,985
Denali	2,422,605	230,884	2,653,489
Dillingham	3,870,502	336,746	4,207,248
Fairbanks	63,086,196	6,240,475	69,326,671
Galena	14,450,362	733,221	15,183,583
Haines	1,931,769	214,376	2,146,145
Hoonah	1,737,765	135,224	1,872,989
Hvddaburg	909,539	60,510	970,049
Iditarod	5,765,716	361,694	6,127,410
Juneau	20,427,809	2,398,553	22,826,362
Kake	1,140,552	85,219	1,225,771
Kashunamiut	2,037,788	126,885	2,164,673
Kenai	41,665,482	4,574,380	46,239,862
Ketchikan	9,550,271	1,094,229	10,644,500
Klawock	1,636,402	119,483	1,755,885
Kodiak	13,523,703	1,340,622	14,864,325
Kuspuk	4,679,476	324,545	5,004,021
Lake & Peninsula	5,959,944	466,149	6,426,093
Lower Kuskokwim	35,139,517	2,161,258	37,300,775
Lower Yukon	14,605,616	959,243	15,564,859
Mat-Su	61,647,537	5,743,095	67,390,632
Nenana	6,063,818	361,894	6,425,712
Nome	4,929,994	448,613	5,378,607
North Slope	9,885,875	(9,802,554)	83,321
Northwest Arctic	20,358,082	1,677,107	22,035,189
Pelican	420,585	21,618	442,203
Petersburg	3,025,653	685,911	3,711,564
Pribilof	1,064,937	60,962	1,125,899
Sitka	6,400,649	705,704	7,106,353
Skagway	886,624	(65,761)	820,863
Southeast Island	2,941,152	185,367	3,126,519
Southwest Region	5,979,493	384,480	6,363,973
St. Mary's	1,747,266	129,028	1,876,294
Tanana	1,280,078	92,719	1,372,797
Unalaska	2,023,121	(617)	2,022,504
Valdez	3,672,455	(920,876)	2,751,579
Wrangell	2,364,305	470,391	2,834,696
Yakutat	1,448,203	107,506	1,555,709
Yukon Flats	4,087,475	226,384	4,313,859
Yukon/Koyukuk	5,492,033	349,726	5,841,759
Yup'it	3,831,544	220,772	4,052,316
Alyeska Central School	4,338,941	230,328	4,569,269
Mt. Edgecumbe	1,321,400	86,067	1,407,467
Contracts	26,096,100	-	26,096,100
<b>TOTALS:</b>	<b>\$665,017,725</b>	<b>\$46,665,987</b>	<b>\$711,683,712</b>

Changes due to SB 94 do not include Section 11 because the supplemental funding floor is included in the "FY02 Projected State Aid" column.

**S B**

**9 6**

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 96  
 (S) Publish Date: 2/16/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Alaska Psychiatric Institute BRU: Revenue Operations  
 Component: Treasury Division  
 Sponsor: Rules Committee  
 Requester: Governor Component Number: 121

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	10.0					
Contractual	8.0	7.0	7.0	7.0	7.0	7.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		3,663.5	3,663.4	3,667.5	3,666.3	3,664.5
<b>TOTAL OPERATING</b>	<b>18.0</b>	<b>3,670.5</b>	<b>3,670.4</b>	<b>3,674.5</b>	<b>3,673.3</b>	<b>3,671.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	18.0	3,670.5	3,670.4	3,674.5	3,673.3	3,671.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>18.0</b>	<b>3,670.5</b>	<b>3,670.4</b>	<b>3,674.5</b>	<b>3,673.3</b>	<b>3,671.5</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation authorizes the State Bond Committee to Issue \$36.55 million in state Certificates of Participation for the construction of a new facility for the Alaska Psychiatric Institute. The project will also use existing appropriations of \$19.2 million and \$3 million from the Alaska Mental Health Trust. Total project size is \$58,750,000.

Assuming a 15-year term, and a true interest cost of 5.6% (about 1% above Feb. 14, 2001 rates), annual debt service is approximately \$3.7 million beginning in fiscal year 2003 with total repayment estimated at just under \$55 million. This inflated interest cost estimate is necessary due to the volatility in interest rates and the difficulty in accurately forecasting what market rates will be in the future.

Prepared by: Deven Mitchell Phone 465-3750  
 Division: Treasury Division Date/Time 2/13/01 12:00 AM  
 Approved by: Larry Persily, Deputy Commissioner Date Feb.14, 2001  
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

# ALASKA STATE LEGISLATURE



*Interim:*

600 East Railroad Avenue  
Wasilla, Alaska 99654  
(907) 376-3370  
(907) 376-3157 Fax

*Session:*

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-6600  
(907) 465-3805 Fax

## SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE SENATOR LYDA GREEN, CHAIR

To: Senate HESS Members

From: Aurora Hauke, Committee Aide

Date: March 16, 2001

Subject: SB 96 C.O.P.S FOR API DEMOLITION/CONSTRUCTION

---

Please find attached the Department of Health & Social Service's answers to questions raised in the Senate HESS Committee on February 28, 2001 regarding SB 96 C.O.P.S FOR API DEMOLITION/CONSTRUCTION.

SENATOR LOREN LEMAN, VICE-CHAIR  
SENATOR JERRY WARD, SENATOR GARY WILKEN, SENATOR BETTYE DAVIS

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110601  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465-3030  
FAX: (907) 465-3068

March 15, 2001

The Honorable Lyda Green  
Alaska State Legislature  
State Capitol, Room 125  
Juneau, Alaska 99801

Dear Senator Green:

I am writing to respond to issues and questions raised by Committee members regarding the Alaska Psychiatric Institute (API) replacement project during the February 28 Senate HESS Committee hearing on SB 96. Members raised four key questions and several related issues. Those questions are re-stated below, followed by information responding to the questions.

### **Did DHSS explore the purchase of any other building in Anchorage besides the Charter North Hospital?**

In January 1998 the Department of Health and Social Services (DHSS) gave very public notice of its desire to purchase a facility within the Municipality of Anchorage to serve as a replacement for API. The Department issued letters to all known owners of potentially qualifying facilities and published a Request for Letters of Interest (copy attached) in the Anchorage Daily News. These efforts sought a response from any private entity with title to a facility qualified to serve as a replacement for API. Qualifying facilities were limited to those that met hospital level code, licensing, and accreditation standards because converting a facility to meet those standards would not be economically feasible.

Despite the broad public notice, DHSS received only one response – that was from Charter Behavioral Health Systems. We pursued purchase of Charter North Hospital because it met two out of our three most important criteria: 1) it was located near (right across the street from) a general (medical-surgical) hospital, and 2) purchase of the facility, expansion, renovation, and land acquisition could be substantially, although not fully, accomplished with the funds remaining in the API Replacement appropriation. The Charter facility was acceptable though far from ideal in meeting the third criteria - a therapeutic environment with appropriate types of treatment space.

As you know, strong community opposition and local planning and zoning decisions prevented DHSS from purchasing the Charter facility. In the wake of that experience we do not believe it would be possible to purchase a facility in Anchorage that could serve as a replacement for API. We believe this for several reasons:

- No existing facility in Anchorage that could qualify as a replacement is available for purchase, as clearly indicated by response to our previous solicitation.
- We do not believe it would be possible to convert a facility built to non-hospital standards to serve the unique needs of an inpatient psychiatric hospital. Hospitals require special construction standards and API, because it is a locked facility, is held to a very high level of fire life safety construction and operational standards. Equal in importance is the need for a therapeutic environment. The Department could not simply purchase an office building, for example, and then attempt to renovate it to hospital standards and functionality at a reasonable cost.
- API must be located very near a general, medical-surgical hospital. A significant number of our patients must be medically screened prior to admission. The difficult mental states of many of our patients are often further complicated by their poor health, including: substance abuse effects, and many serious, chronic diseases such as diabetes, high blood pressure, seizure disorders, liver dysfunction, ulcerated stomachs, and other conditions. These conditions make immediate access to emergency hospital care essential. No suitable facility with an appropriate location is available for purchase as a replacement for API.
- Our experience in attempting to purchase Charter as a replacement for API clearly demonstrated that any attempt to relocate API in another neighborhood would be met with strong community opposition and would likely experience the same adverse zoning decisions preventing use of any replacement facility. This was confirmed by the resolution of the Anchorage Planning and Zoning Commission (copy attached), who voted in unanimous objection to the relocation. Local government decision-makers and the community in general were quite clear: stay put.

In summary, we believe it is virtually impossible for DHSS to purchase and use other buildings in Anchorage as a replacement for API. The unique construction and programmatic needs, the need to be very near a general hospital, the limited number of suitable facilities and their lack of availability for purchase, and the community's opposition to API's relocation make this impossibility clear.

**Why were Certificates of Participation (COPs) chosen as the mechanism to fund the API replacement hospital?**

COPs were chosen over General Obligation Bonds (GOBs) and AHFC capital project and governmental purpose bonds for several reasons.

- COPs are a very common method of financing for states when purchasing or constructing a building and are a good fit for this individual project. COPs have strong market acceptance and flexibility and a record of success with similar projects in Alaska and elsewhere.
- General Obligations Bonds (GOBs) have not historically been used for individual projects but rather for groups of projects, and no GOBs have been issued in Alaska for many years. GOBs must be authorized by law and ratified by the voters. This project is specific enough in nature

that it doesn't warrant taking the public process beyond the Legislature and Governor, and to do so would be a break from historical practice. Additionally, as there is no statewide election until 2002, waiting for general election approval would further delay the project by approximately two years, reducing the buying power of the existing appropriation and likely increasing the cost of the project.

- Financing through AHFC does not appear feasible. AHFC does not have current capacity to issue additional capital project or governmental purpose bonds. AHFC has issued \$603 million in governmental purpose and \$196.35 million in State capital project bonds since 1994. These bond issuances have funded capital projects throughout the State, and are paid for with revenues from AHFC as part of a multi-year agreement with the Legislature. As part of this agreement, AHFC provides the State \$102 Million, of which \$50 Million is available for payment of these classes of bonds. AHFC staff have indicated that the \$50 million portion of their dividend available to repay bonds is fully utilized for as long as rating agencies will allow. AHFC staff have indicated that if additional demands are placed on the Corporation, its credit ratings would likely be adversely affected.

**Did the Department consider a design/build approach to the new facility, and whether to privatize the operations of the hospital?**

#### **Design/Build**

The design/build approach was considered during the initial phase of work on this project. It was not selected because the hospital replacement project is complex and involves exceptional requirements for which the design/build approach is not well-suited. A design/build approach is generally understood to work well with straight-forward projects like simple office building structures. It does not offer advantages when applied to more specialized projects that have unique programmatic and design needs requiring much more complex programming, design, and construction. In fact, it has substantial drawbacks for such applications. The public input aspect of high profile public projects such as API, involving many key stakeholders and politicized as API has been, is not well-tolerated or accommodated by the design/build approach.

The State's success with this approach has been, at best, mixed. There are examples of projects with good outcomes (the Fairbanks Trooper Office) and bad outcomes (the University of Alaska Southeast's housing project, the DEC building/lab in Juneau). All of these projects were relatively straight-forward compared to the complexity of hospital construction.

Given the uniqueness of this project DOT&PF determined early on that maintaining maximum control of this project was important. Failure to have full control of such a complex project could delay the project if problems developed during the design or construction phases, or increase operating or remediation costs down the line because of flaws in design or construction.

The complexity of the project and need to maintain maximum control was borne out in the bids received in 1996. One of the contractors who bid on the hospital project indicated that a main reason that his and the other bids were so far above the DOT estimate was the lack of contractor familiarity with some of the construction requirements of this special project. In other words, they

marked up their construction bids to account for possible contingencies in this type of unusual hospital construction, to ensure that they were not left holding the bag if they encountered difficulties during the construction phase.

DHSS and DOT&PF have recently again discussed the potential of a design/build approach. DOT&PF believes that a modified design/build approach could be considered at this time using the existing design but requiring optimization through a "value engineering" effort to minimize construction costs. (Please see the attached memorandum from DOT&PF employee Jerry Watkins.)

### **Should the State Attempt to Privatize Operations of the API?**

The majority of Alaska's mental health system has been privatized. Since the early 1980's, when API's census was close to 225, the Department has actively privatized mental health services in Alaska through community mental health providers and local hospitals. Today API is only a 74 bed hospital, and community hospitals that are interested or able have assumed responsibility for local, acute psychiatric treatment through "Designated Evaluation and Treatment" (DET) or "Designated Evaluation and Crisis Stabilization" (DES) agreements with the Division of Mental Health and Developmental Disabilities (DMHDD) - providing evaluations and short-term treatment for up to 30 days.

Instead of relying on API, community hospitals in Juneau, Kodiak, Nome, and Fairbanks are presently well-reimbursed by the State for the inpatient psychiatric services these hospitals provide. In addition, many of the patients formerly treated at API, and present clients of community mental health centers (CMHCs) with similarly difficult illnesses, no longer need hospital-level care because of vast improvements in the medications available AND the significant efforts to increase local, community-based services.

We have already considered, pursued and successfully privatized those aspects of API's functioning that can be accomplished by private providers in those areas where providers are willing and able to take on those functions. We are pursuing additional privatization efforts in Anchorage where we are attempting development of DET beds, a single point of entry and other community alternatives to hospitalization at API.

The development of private community alternatives in Alaska certainly parallels what is occurring nationally. Nevertheless, *no state* has entirely eliminated public hospital capacity to serve the inpatient psychiatric needs of its residents. While the trend toward reduced use of inpatient hospitals is desirable it remains necessary for states to maintain state-operated psychiatric treatment beds as the last resort when private hospitals and community services are incapable or unwilling to meet the need.

This core function of government is a cornerstone of every state's mental health system. State hospitals provide acute and tertiary inpatient psychiatric care and treatment to patient populations that exceed community capacity. State hospitals must be available when private providers are unable or unwilling to provide the type of care needed. Such instances include care for individuals involuntarily hospitalized because of serious and chronic mental illness accompanied by complex

medical needs or very difficult or assaultive behavior, traumatic brain disorders, geriatric mental illnesses, pre-trial forensic evaluation and treatment, or because of their legal status as not guilty by reason of insanity (NGRI). As a group, the severity of these illnesses creates and presents treatment challenges that are expensive in terms of the intensity of service need and present potentially difficult and costly risk management issues, thus reducing private provider willingness to provide these services to these unique individuals.

Though most services can and have been privatized it would be imprudent to eliminate *all* state operated hospital capacity. If *all* state-operated inpatient capacity were eliminated the state could not assure needed care for the most vulnerable mentally ill patients in the face of a bankruptcy (such as Charter corporation experienced recently), a contract default or other event that left the state without inpatient capacity. We simply cannot eliminate the last resort in favor of a privately operated capacity. Therefore, while DHSS is opposed to the idea of entirely privatizing or eliminating API, it certainly continues its support for and commitment to the continued expansion of community-based mental health services, whether outpatient or inpatient, where ever possible

#### **Is the single-story design appropriate for API?**

The single-story design of the replacement hospital was the subject of considerable research, planning, and public input. It was determined to be both the most appropriate and clinically advantageous design, given the unique purpose of the facility and the needs of those persons suffering from mental disorders.

There are some potential cost savings possible with multistory construction, however, those do not actually accrue until a building is four stories or more. Re-designing the replacement facility would **add** substantially to the costs of replacing API and, given the size of the facility, there is no assurance that the additional redesign costs would be offset by reduced construction costs.

The single story design we have has several advantages:

- It has the maximum potential to accomplish the fundamental purpose of the hospital – patient recovery. It was designed to meet the unique and subtle needs of persons experiencing mental illness who are hospitalized for treatment
- It provides for efficient, low cost operation by locating staff on the patient units and by accommodating ease of maintenance and repair through ready access to support systems without disrupting patient care.
- Because the hospital is single story design all the costs of providing for patient safety and security are reduced enormously. The costs of purchasing, maintaining, and supervising elevators and stairs, and the concomitant costs and complications accruing from multilevel fire safety for a health/hospital occupancy are clearly reduced significantly.

Comparing multi-story vs. single story designs reveal several facts. Multistory buildings save on foundation and roof costs but they also bear the additional cost of vertical circulation space (stairs and elevators) and increased structural frame costs. Additionally, multistory buildings

March 15, 2001

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have less adaptability for changing treatment methodologies over the long term and may incur increases in staffing costs (depending on layout) due to that lessened adaptability. A multi-story facility also lacks flexibility and direct ground access for any physically disabled patients housed above the ground floor.

Multistory buildings are often the preferred design on smaller sites where space is at a premium. Single-story buildings are typically preferred where the site is less constrained and ready access to the grounds is desirable and/or reservation of land for future growth is required.


Comparing costs per square foot for single-story vs. two-story reveals a cost premium for two-story. The efficiencies of multistory really don't become notable until single-story is compared with multi-story construction exceeding four stories. An API replacement designed for the needed capacity would not reasonably be expected to achieve those cost efficiencies.

Given this project's programmatic requirements and the availability of adequate site area at the existing location, a single-story building is appropriate and probably most conducive to the purpose of the facility - patient recovery.

Finally, the design has already once received affirmation through the public review process, including final approval by the Anchorage Planning and Zoning Commission.

I hope this information responds fully to Committee members' questions and is helpful in considering SB 96.

Sincerely,



Karen Perdue  
Commissioner

**Attachments**

cc: Janet Clarke, Director, Admin. Services  
Randall Burns, Director, API  
Walter Majoros, Director, DMHDD

**STATE OF ALASKA**  
**DEPARTMENT OF HEALTH & SOCIAL SERVICES**



**REQUEST FOR LETTERS OF INTEREST**

The Alaska Department of Health and Social Services (DH&SS) is interested in determining whether there is presently any private entity with title to a facility within the boundaries of the Municipality of Anchorage that meets current hospital-level construction, fire, and security codes and all appropriate JCAHO and HFCA hospital accreditation standards that would be interested in entering into negotiations with the State of Alaska, the conclusion of which would be the conveyance at an agreed upon time of either the ownership of that privately held facility or the undivided interest ownership to a physically separate, programmatically independent portion of that existing facility to the State of Alaska for DH&SS' direct operation of a psychiatric hospital.

This is not an offer to purchase such a facility. DH&SS is presently considering a number of potential alternatives for the replacement of Alaska Psychiatric Institute's facilities and may or may not enter into future negotiations based on any letter of interest provided in response to this request.

The facility (or the separate portion thereof) sought through this Request for Informant must 1) at a minimum, be able to provide a bed capacity that may range from 54 to 72 beds; 2) be accessible to major transportation hubs and near emergency medical facilities; and 3) be located on grounds that provide for appropriate private, patient outdoor access and activity.

DH&SS would operate a locked, secure, public, psychiatric hospital within this facility, and would treat a variety of patient populations, including acute and longer term adults, age 18 and above (including provision for the needs of the elderly), who are committed involuntarily for psychiatric treatment; a medium security forensic population (including persons accused of crimes and undergoing evaluation for competency or treatment for incompetency), as well as persons found not guilty by reason of insanity.

The facility is required no later than July 1, 2000 (but title may be conveyed earlier), in order that any necessary additional construction or necessary renovations and repairs could be completed prior to an anticipated state occupancy of October 1, 2001.

If you are interested in providing a facility to the State of Alaska, please provide a description of your facility or any other options you believe to be viable for DH&SS given their goal to obtain such a facility for the direct operation by DH&SS of a psychiatric hospital, along with a letter of interest, to the address below by 4:30 p.m. on February 11, 1998.

Thank you for your consideration of this request for information.

Darla Madden  
DH&SS Procurement Officer

**Mail the Letter of Interest to:**

**Darla Madden**  
**DH&SS Chief Procurement Officer Phone: 907-465-3005**  
**P. O. Box 110650 Fax: 907-463-3153**  
**Juneau, AK 99811-0650**

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*Posted: January 26, 1998*

**NOTICE OF PROPOSED ACTION BY ALASKA PSYCHIATRIC INSTITUTE**  
**(DEPARTMENT OF HEALTH AND SOCIAL SERVICES)**

The public is hereby notified, that the Alaska State Department of Health and Social Services (the Department) is considering action regarding construction of facilities to replace the existing API facilities in Anchorage, Alaska. The Department is considering various options including

1. Construction of a hospital on the same parcel of property that its existing hospital is located (south of Providence Drive) pursuant to architectural/engineering drawings developed for API, and pursuant to future bid specifications which may be let under applicable procurement code provisions;
2. Movement from API's present facilities to a location including part of and/or next to facilities presently owned and operated by Charter North Star Behavioral Health System (south of Debarr Avenue); an option considered by API following a response from Charter North Star Behavioral Health System to the Department's request for letters of interest published January 28, 1998;
3. Construction of facilities on land currently owned by the University of Alaska adjacent to Providence Hospital property or alternatively on Alaska Mental Health Trust land in a location to the south and west of API's present location. The facility so constructed may be leased in part to a local public procurement unit, including but not limited to Providence Hospital.

The authority for pursuing the foregoing options arises under (1) the Department's general authority to construct, operate, and acquire hospitals, including facilities for mental health care (AS 47.30), and (2) the Alaska procurement code, and exceptions provided by law to that code (AS 36.30). The Department will evaluate the most viable replacement proposal among these options for purposes of program execution consistent with appropriations which have been authorized or will be authorized by law. Assuming availability of funding, it is anticipated that acquisition and/or commencement of construction could begin during fiscal year 2000. It is also anticipated that acquisition or construction of appropriate facilities will be phased to promote security and minimize impact upon patients of API, and will result ultimately in demolition of part or all of the existing API facilities. Written comments regarding the foregoing process may be addressed to Darla Madden, Procurement Officer, Department of Health and Social Services, Division of Administrative Services, P.O. Box 110650, Juneau, Alaska 99811-0650.

DATED this 4<sup>th</sup> day of December, 1998.

DEPARTMENT OF HEALTH AND  
SOCIAL SERVICES

By *Darla Madden*  
Darla Madden  
Procurement officer

API 2000  
031B

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

CENTRAL REGION - DIVISION OF CONSTRUCTION & OPERATIONS  
PUBLIC FACILITIES BRANCHDOT&PF ANNEX BUILDING  
2200 EAST 42nd AVENUE  
ANCHORAGE, ALASKA 99508  
(907) 269-0810 or 269-0819  
FAX (907) 269-0806 or 269-0805

November 2, 2000

RE: Alaska Psychiatric Institute  
Replacement Facility  
Project No. 51064**Design/Build Procurement**

Mr. Larry Streuber  
Chief, Facilities/Planning  
Alaska Department of Health & Social Services  
P.O. Box 110650  
Juneau, Alaska 99811-0650

Dear Mr. Streuber;

This is to respond to your request for comment upon the relative merits of using the Design/Build method of procurement to replace the existing API.

The Public Facilities Branch has utilized iterations of the Design/Build procurement method on several projects over many years. The earliest I can remember, and by far the most programmatically complicated, was the procurement of a 100-Bed Prison near Sutton, Alaska, in 1981-82. This project utilized the truest form of Design/Build: the solicitation described the required spaces, gave the proximity relationships of the spaces, specified the required lighting levels and finishes in each room, etc, and the respondents furnished their qualifications and a schematic design submittal. The winning contractor was selected on the basis of a relative scoring matrix, which considered qualifications, desirability of the submitted design, and proposed price and schedule.

As a participant in that procurement, my assessment is that:

1. The State was unable to maintain the normal degree of control of the design process and the construction product. As a result, the long-term maintenance and operations costs have been higher than normal.
2. There was a real advantage in delivery time for the project by way of the Design/Build process. The facility was occupied within 11 months of the Using Agency's initial request, probably one year sooner than would have been possible with the more conventional process.

More recently, our Branch has executed several Design/Build procurements for relatively non-

complex facility types: sand storage buildings and aircraft rescue/fire fighting equipment buildings. These cases have utilized a more controlled process whereby we publish a conceptual/schematic design and solicit proposals to complete the design and build the project. Still, the qualifications of the design/build team are ranked in a scoring process and considered along with the proposed contract price. This has seemed to work well for these kinds of buildings. But I would not currently recommend even this more controlled iteration of the Design/Build procurement method for a new facility as programmatically complex as the State's only mental hospital.

However, I'll mention an iteration of Design/Build that may be worth considering for the API Replacement Hospital. Under this iteration we would:

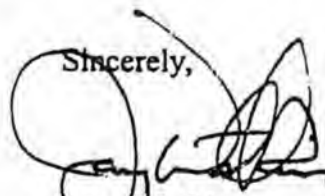
1. Issue a Design/Build solicitation based primarily on the already-completed design;
2. Allow respondents to confidentially propose "value engineering" design modifications (subject to State approval prior to submission of final offers);
3. Require the respondents' team members to assume the role of "Architect/Engineer of Record" if awarded the contract;
4. Award the contract to the respondent submitting the best offer considering qualifications, desirability of modified design, proposed schedule, and price.

Unfortunately, the currently available funds are inadequate to support such a contract award, even considering potential "value engineering" proposals. Also, cleanup and demolition of the existing hospital is a high priority in addition to procuring a new facility. And, finally, the Alaska Mental Health Trust has a fiduciary responsibility to secure revenue from its lands, which include this site.

Considering those factors, I would suggest a further evolution of the Design/Build process described above: Design/Build/Lease-Purchase (including demolition of the existing facility and purchase of the site). This proposal would have the developer finance all costs, to be recovered through a long-term lease to the State. The existing project funding could be applied as an initial payment upon completion, to lower the total lease-purchase payments.

Admittedly, such an arrangement is at the fringes of my experience and qualifications. But with appropriate assistance from the Departments of Administration, Law, and Revenue, I believe this would be a workable procurement approach.

Sincerely,



Jerry Watkins  
Project Manager

cc: Steve Flodin, Chief, Public Facilities Branch

# ALASKA STATE LEGISLATURE



*Interim:*  
600 East Railroad Avenue  
Wasilla, Alaska 99654  
(907) 376-3370  
(907) 376-3157 Fax

*Session:*  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-6600  
(907) 465-3803 Fax

## SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE SENATOR LYDA GREEN, CHAIR

To: Senate HESS Members

From: Aurora Hauke, Committee Aide

Date: March 9, 2001

Subject: SB 96 C.O.P.S FOR API DEMOLITION/CONSTRUCTION

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Please find attached additional information to be included in the bill packet for SB 96 C.O.P.S FOR API DEMOLITION/CONSTRUCTION which was heard on February 28, 2001.

SENATOR LOREN LEMAN, VICE-CHAIR  
SENATOR JERRY WARD, SENATOR GARY WILKEN, SENATOR BETTYE DAVIS

RECEIVED

MAR 08 2001

## ALASKA MENTAL HEALTH BOARD

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TONY KNOWLES, GOVERNOR  
STATE OF ALASKA

431 N. Franklin, Suite 200  
Juneau, Alaska 99801  
Office: (907) 465-3071  
Fax: (907) 465-3079

March 7, 2001

Senator Lyda Green, Chair  
Health Education and Social Services Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Green:

The Alaska Mental Health Board (AMHB) would like to contribute to the discussion concerning SB 96, which proposes a plan to finance the construction of a replacement for the Alaska Psychiatric Institute (API). As we listened to the outline of the plan to replace API ably presented by API Director Randall Burns to the committee on February 28 and the questions posed by committee members, we felt that some key historical perspective should be part of the discussion.

The plan embodied in SB 96 would replace API with a 54-bed facility (expandable to 72 beds). Committee members, looking at API census data, questioned whether a hospital of that size would be sufficient to meet Alaska's need for tertiary psychiatric care. As Director Burns pointed out, a 54-bed state mental hospital providing principally tertiary care would suffice if complementary community services were in place to serve a large part of the patient load now carried by API. The 18-bed expansion capacity provides both a safety net and the ability to respond as the state's population increases.

What the committee should also know is the "story behind the story" on the 54-bed proposal. That number, along with many other elements of future API services and corresponding community services, was the product of a series of negotiating and planning processes involving all stakeholders in Alaska's public mental health system. These began in 1992 and continue today under the auspices of the Community Mental Health/API 2000 Project. The crucial thing to know is that these processes led to a hard-won consensus plan to replace the API facility and devolve many of the services historically provided by API to the community. The mental health community, consisting of consumers and families, advocates, state agencies, community providers, and other interested parties, devoted tremendous energy and resources to developing this consensus plan for a mental health system in which a 54-bed state hospital would be a core component.

The AMHB was a key player, among many key players, during these processes. While we certainly understand why committee members might question, based on current census information, the number of beds planned for the replacement facility, the AMHB believes (as do, we believe, the vast majority of the stakeholders that developed the consensus position on API) that the hospital as planned has the appropriate number of

Senator Lyda Green  
March 7, 2001  
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beds. We further believe that any departure from this consensus should occur only as a result of a consensus decision. We believe that no such departure is necessary. What is necessary is the commitment and perseverance to develop the community service component (both in Anchorage and in other communities) to complement a smaller API.

It is time to replace API. It is also time to build the community infrastructure that will divert a large number of the Alaskans who now have no alternative to API. The fundamental idea is to put API in its place as an important, but smaller, element of the overall system of mental health service delivery. We hope that the committee will keep this history in mind as it considers SB 96. The AMHB would be happy to answer any questions the committee may have or provide additional materials that describe in detail its position on the future of API within the larger system. Thank you for your consideration.

Sincerely,



Pat Murphy  
Chair

Cc: Walter Majoros, Director DMHDD  
Jill Ramsey, NAMI-Alaska  
Jan McGillivary, MHAA  
Katsumi Kenaston, AKMHCWeb  
Faye Nieto, Parents, Inc.