

ALASKA LEGISLATURE COMMITTEE FILES 2001 2002 0012

10551 SENATE HEALTH EDUCATION & SOCIAL SERVICES 386

Chapter 87

1 benefits under AS 47.31. Charges assessed for services provided under AS 47.30.670 -  
2 47.30.915 when a patient is hospitalized at a state-operated facility may not exceed the  
3 actual cost of care and treatment. The department may, when assessing charges for  
4 services provided at a state-operated facility, consider the ability to pay of a patient,  
5 a patient's spouse, or a patient's parent if the patient is under 18 years of age. In order  
6 to impose liability for a patient's cost of care at a state-operated facility, the department  
7 shall issue an order for payment within six months after the date on which the charge  
8 was incurred. The order remains in effect unless modified by subsequent court order  
9 or department order. The department may not impose liability for a patient's cost of  
10 care at a state-operated facility if the patient would otherwise meet the eligibility  
11 criteria, other than location of service, in AS 47.31.010.

12 (b) The department, the evaluation facility, or a designated treatment facility  
13 shall make reasonable efforts to determine whether the patient, the patient's spouse, or  
14 the patient's parent if the patient is under 18 years of age has a third-party payor or has  
15 the available means to substantially contribute to the payment of charges, or whether  
16 the patient is eligible for assistance under AS 47.31.

17 (c) If a patient is hospitalized at a state-operated facility and the patient, the  
18 patient's spouse, or the patient's parent if the patient is under 18 years of age fails to  
19 provide to the department information necessary to determine whether there is a third-  
20 party payor or available means to substantially contribute to the payment of charges,  
21 or whether the patient would, if not hospitalized at a state-operated facility, be eligible  
22 for assistance under AS 47.31, the department may issue an administrative order  
23 imposing full liability for the patient's actual cost of care on the patient, the patient's  
24 spouse, or the patient's parent if the patient is under 18 years of age. The order  
25 remains in effect unless modified by subsequent court order or department order.

26 (d) If a person who is hospitalized under AS 47.30.670 - 47.30.915 at an  
27 evaluation facility or a designated treatment facility cannot pay or substantially  
28 contribute to the payment of charges described under this section, the patient may  
29 apply for assistance under AS 47.31.

30 (e) The department may charge or accept money or property from a person for  
31 the care or treatment of a patient at a state-operated facility.

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1 (f) Money paid by the patient or on the patient's behalf to the department  
2 under this section shall be deposited in the general fund.

3 \* Sec. 2. AS 47.30.910 is repealed and reenacted to read:

4 **Sec. 47.30.910. Liability for expense of placement in a treatment facility.**

5 (a) A patient, or the patient's legal representative acting in a representative capacity,  
6 or the patient's spouse, or the patient's parents if the patient is under 18 years of age,  
7 shall pay or contribute to the payment of the charges for the care, transportation, and  
8 treatment of the patient when hospitalized under AS 47.30.660 - 47.30.915. Charges  
9 assessed after an order for commitment for treatment is issued and charges assessed  
10 when a patient is hospitalized at a facility operated by the department, or under a  
11 contract for services with the department, may not exceed the actual cost of the care  
12 and treatment. The department may order payment by the patient or by the person  
13 responsible for payment for the patient's care and treatment under this subsection  
14 according to ability to provide for payment. The department may make necessary  
15 investigations to determine the ability to pay and may require sworn statements of  
16 income by the patient, the patient's legal representative acting in a representative  
17 capacity, or the patient's spouse or parent. In the exercise of the commissioner's  
18 discretion, the commissioner may impose full liability for the patient's actual cost of  
19 care and treatment on the patient, the patient's legal representative, the patient's spouse,  
20 or parent for refusal to supply a sworn statement of income. An order for payment  
21 must be issued by the department within six months after the date on which the charge  
22 was incurred. The order must remain in full force and effect unless modified by  
23 subsequent court or department order. Liability under this subsection shall be  
24 determined as follows: a patient hospitalized under AS 47.30.660 - 47.30.915, or the  
25 person responsible for payment of charges for the patient, may be required to pay  
26 according to ability to provide for payment, and in the manner and proportion that the  
27 department finds is not detrimental to the patient's rehabilitation. The department  
28 shall, at any time that it determines the action will serve the best interests of the state  
29 and the patient or the person responsible for payment, relieve the patient or the person  
30 responsible for payment from liability for charges for the care, transportation, and  
31 treatment of the patient.

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1 (b) As used in (a) of this section, the term "actual cost of the care and  
2 treatment" means either the rate provided for by a contract entered into under  
3 AS 47.30.660 - 47.30.915, or, in the absence of a contract, a daily rate approved by  
4 the department.

5 (c) The department may charge, or accept from a person money or property,  
6 for the care or treatment of an inpatient or outpatient or for other purposes, even if the  
7 payment is not required by an order of the department, so long as the total payments  
8 received do not exceed the actual cost of care or treatment.

9 (d) All money paid by the patient or on the patient's behalf to the department  
10 under this section must be deposited in the general fund.

11 (e) If an order for payment is entered by the department under this section, and  
12 delinquency in the payment of any amount due the state under the order continues for  
13 a period of more than 30 days after the notification to the patient or the legal  
14 representative, spouse, or parent of the patient by the department, the state may  
15 proceed to collect the amounts due by appropriate proceedings. An action to enforce  
16 the collection of payments may only be brought within three years after the date of  
17 notification of a delinquent payment.

18 (f) The orders of the department issued under this section may relate only to  
19 charges incurred after July 1, 2001.

20 \* Sec. 3. AS 47.30.915(4) is amended to read:

21 (4) "designated treatment facility" or "treatment facility" means a  
22 hospital, clinic, institution, center, or other health care facility that has been designated  
23 by the department for the treatment or rehabilitation of mentally ill persons under  
24 AS 47.30.670 - 47.30.915 [AND FOR THE RECEIPT OF THESE PERSONS BY  
25 COURT-ORDERED COMMITMENT,] but does not include correctional institutions;

26 \* Sec. 4. AS 47.30.915(4) is repealed and reenacted to read:

27 (4) "designated treatment facility" means a hospital, clinic, institution,  
28 center, or other health care facility that has been designated by the department for the  
29 treatment or rehabilitation of mentally ill persons and for the receipt of these persons  
30 by court-ordered commitment, but does not include correctional institutions;

31 \* Sec. 5. AS 47 is amended by adding a new chapter to read:

Chapter 31. Mental Health Treatment Assistance Program.

Sec. 47.31.005. Applicability. This chapter applies only to those patients who have received evaluation or treatment at an evaluation facility or a designated treatment facility that is not a state-operated hospital.

Sec. 47.31.010. Eligibility for assistance. (a) The department shall provide financial assistance under this chapter to a patient who

(1) does not have the available means to pay or substantially contribute to the payment of charges assessed by a facility;

(2) has no other third party to pay for the evaluation or treatment provided under AS 47.30; and

(3) meets the criteria in this chapter.

(b) To be eligible for assistance under this chapter, a patient must have

(1) been admitted for inpatient evaluation or treatment at an evaluation facility or a designated treatment facility other than a state-operated hospital after either

(A) an involuntary commitment under AS 47.30.700 - 47.30.915; or

(B) a voluntary admission chosen by the patient after a determination by the patient's treating physician that the patient meets the involuntary commitment criteria in AS 47.30.700 - 47.30.915 and that involuntary commitment proceedings would be initiated if the patient did not choose to be admitted voluntarily; and

(2) a gross monthly household income that does not exceed 185 percent of the federal poverty guideline for this state for the calendar month in which service was provided.

Sec. 47.31.015. Application for assistance. (a) To receive assistance under this chapter, a patient or a patient's legal representative must apply in writing on a form provided by the department. A patient must apply for assistance within 180 days after the date of discharge from the facility.

(b) A patient is considered to have applied for assistance under (a) of this section if the evaluation facility or designated treatment facility notifies the department

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1 on a form provided by the department that there is good cause to believe that the 1  
2 patient would be eligible for assistance under this chapter and 2  
3 (1) the patient, the patient's spouse, or the patient's parent if the patient 3  
4 is under 18 years of age failed within 150 days after the date of discharge from the 4  
5 facility to make arrangements to pay the evaluation facility or designated treatment 5  
6 facility; or 6  
7 (2) the patient lacks the mental capacity to apply for benefits under this 7  
8 chapter. 8  
9 (c) A patient who applies or is considered to have applied for assistance under 9  
10 this chapter, the patient's spouse, the patient's parent if the patient is under 18 years 10  
11 of age, or a person in the patient's household shall release records and information to 11  
12 the department necessary to verify eligibility for the assistance. 12  
13 (d) If a patient, the patient's spouse, the patient's parent if the patient is under 13  
14 18 years of age, or a person in the patient's household fails to provide records and 14  
15 information to the department necessary to verify eligibility, the department may issue 15  
16 an administrative order imposing full liability for the patient's cost of care and 16  
17 treatment to the evaluation facility or designated treatment facility. 17  
18 **Sec. 47.31.020. Decision on eligibility.** (a) Within 30 days after receiving 18  
19 a complete application, the department shall give notice in writing of an eligibility 19  
20 determination to the patient or the patient's legal representative. If the patient is found 20  
21 ineligible, the notice must contain the reason for the denial and an explanation of the 21  
22 patient's right to an administrative appeal of the denial. 22  
23 (b) The department shall provide a copy of the notice of eligibility or 23  
24 ineligibility to the facility at which the patient was treated. 24  
25 **Sec. 47.31.025. Eligible services; rates.** The department shall identify the 25  
26 type and level of services for which assistance is available under this chapter. An 26  
27 evaluation facility or a designated treatment facility shall be reimbursed at a rate 27  
28 established by the department that is equivalent to the Medicaid rate for that facility 28  
29 at the time service was rendered as determined under AS 47.07.070. 29  
30 **Sec. 47.31.030. Payment.** If the department determines that a patient is 30  
31 eligible for assistance under this chapter, the department shall provide for payment of 31

1 assistance directly to the facility. By endorsing the check received from the  
2 department or authorizing the endorsement by the facility's agent, the facility certifies  
3 that the claim for which the check is payment is true and accurate unless written notice  
4 of an error is sent to the department by the facility within 30 days after the date the  
5 check is presented by the facility for payment.

6 **Sec. 47.31.035. Appeals.** (a) A patient or the patient's legal representative  
7 may appeal a denial of assistance by sending written notice of objection to the  
8 department within 30 days after the date of the notice of denial. The written notice  
9 of objection must include an explanation of the reasons for the objection and may  
10 include documentation supporting the objection. AS 44.62 (Administrative Procedure  
11 Act) does not apply to the appeal.

12 (b) The commissioner or the commissioner's designee shall review the notice  
13 of objection and issue a decision within 90 days after its receipt. The commissioner  
14 or the commissioner's designee may request additional information on the appeal from  
15 either the patient, the evaluation facility or designated treatment facility, or department  
16 staff. A request for additional information suspends the time period for the appeal  
17 until the department determines that the additional information has been received. If  
18 more than 180 days have passed from the date of submission of a notice of appeal and  
19 the additional information requested by the commissioner or the commissioner's  
20 designee has not been received from a patient, the evaluation facility, the designated  
21 treatment facility, or the department, the appeal shall be considered denied.

22 (c) The decision on the appeal under (b) of this section, including an appeal  
23 denied for failure to submit additional information, is a final agency decision and may  
24 be appealed to the superior court under the Alaska Rules of Appellate Procedure.

25 **Sec. 47.31.900. Regulations.** The department shall, after consultation with the  
26 Alaska Mental Health Trust Authority, adopt regulations to interpret or implement this  
27 chapter.

28 **Sec. 47.31.990. Definitions.** In this chapter, unless the context otherwise  
29 requires,

30 (1) "commissioner" means the commissioner of health and social  
31 services;

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1 (2) "department" means the Department of Health and Social Services;

2 (3) "designated treatment facility" has the meaning given in

3 AS 47.30.915;

4 (4) "evaluation facility" means a health care facility that has been

5 designated by the department to perform the evaluations described in AS 47.30.670 -

6 47.30.915, including a facility licensed under AS 18.20.020 or operated by the federal

7 government;

8 (5) "gross monthly household income" means all earned or unearned

9 income from any source of a member of the patient's household;

10 (6) "household" means a patient and each person

11 (A) residing with the patient; and

12 (B) related to the patient by marriage or other legal relationship

13 giving rise to a duty of support and maintenance;

14 (7) "mental illness" has the meaning given in AS 47.30.915.

15 \* Sec. 6. AS 47.31.005, 47.31.010, 47.31.015, 47.31.020, 47.31.025, 47.31.030, 47.31.035,

16 47.31.900, and 47.31.990 are repealed.

17 \* Sec. 7. APPLICABILITY. Sections 1, 3, and 5 of this Act apply to expenses incurred

18 for mental health services received on or after the effective date of secs. 1, 3, and 5 of this

19 Act.

20 \* Sec. 8. Except as provided in sec. 9 of this Act, this Act takes effect immediately under

21 AS 01.10.070(c).

22 \* Sec. 9. Sections 2, 4, and 6 of this Act take effect July 1, 2001.

**SB**

**155**

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB155  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 4/3/2001 10:00 Dept. Affected: Education  
Title: An Act relating to the ACPE and the ASLC relating to the student financial aid programs and the financing of those... BRU: ACPE  
Sponsor: Rules Committee Component: Student Loan Operations  
Requester: (S)HESS Component Number: 213

**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	135.6	250.6	256.9	263.3	269.9	276.6
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>135.6</b>	<b>250.6</b>	<b>256.9</b>	<b>263.3</b>	<b>269.9</b>	<b>276.6</b>
<b>CAPITAL EXPENDITURES</b>	<b>135.6</b>	<b>250.6</b>	<b>256.9</b>	<b>263.3</b>	<b>269.9</b>	<b>276.6</b>
<b>CHANGE IN REVENUES ( )</b>		<b>4,502.0</b>	<b>8,440.5</b>	<b>12,160.0</b>	<b>15,957.7</b>	<b>22,948.8</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)	135.6	250.6	256.9	263.3	269.9	276.6
<b>TOTAL</b>	<b>135.6</b>	<b>250.6</b>	<b>256.9</b>	<b>263.3</b>	<b>269.9</b>	<b>276.6</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	2	2				
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
ACPE's becoming a federal lender will bring additional revenue through loan guarantees, interest subsidies and special allowance payments. Additional revenues will be used to continue to reduce educational financing costs to our borrower.

Costs are identified for a total of four Federal Family Education Loan Program (FFELP)-related staff; two in FY2002 and two in FY2003. These positions are critical to ensure success as a federal lender. Compliance with federal requirements is required to retain the guarantee on the FFELP portfolio and to receive reimbursements for loan losses due to death, disability, bankruptcy and default. To assure compliance, a full-time compliance specialist is needed. Entry level for this job class is a Range 18, starting in FY2002. To address AKFFELP-related programming and reporting requirements, an additional programmer/analyst will be needed. Entry level is Range 22, starting in FY2002. Starting in FY2003, an accountant will be needed to facilitate required federal and guarantor reporting. Entry level for this position is Range 16. Also in FY2003, a customer relations specialist is needed to meet

Prepared by: Sheila King, Finance Officer Phone 465-6757  
Division: Finance Date/Time 4/3/01 10:00 AM  
Approved by: Diane Barrans, Executive Director Date 4/3/2001  
Agency: Alaska Commission on Postsecondary Education

For distribution information, call the Governor's Legislative Office

Analysis (continued)

growing demand for on-site financial aid and training and information dissemination at high schools and postsecondary schools around Alaska. Entry level for this position is Range 14. Salary projections include anticipated annual merit increases.

The income figures shown in the Change in Revenues line is a result of four components: 1) the Special Allowance payment provided by the U.S Department of Education (ED) to compensate the lender (ASLC) for fluctuations in interest rates during the year. This special allowance is determined by a formula, but is currently 50 basis points and is calculated based on the lenders volume of federal student loans; 2) The interest subsidy paid by ED on those federal loans whose borrowers qualify for subsidy based on their family income; 3) A 98% loan guarantee on all defaulted federal student loans serviced within the requirements established by ED; and 4) Accrual of interest during the in-school period on non-subsidized and supplemental loans.

It is important to note that these income figures are based on current FFELP rates. Because this bill provides for the ASLC to make below market rates available to its Alaska customers, the end result will be to utilize this positive financial shift as a means to reduce lending rates and allow our borrowers to benefit in the form of reduced borrowing costs.

TONY KNOWLES, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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April 3, 2001

The Honorable Lyda Green, Chair  
Health, Education, and Social Services  
Committee  
Alaska State Senate  
Capitol Building  
Juneau, Alaska, 99801

Dear Senator Green,

Enclosed is a memorandum from our agency Personnel Officer Frank Love in response to Senator Leman's inquiry about the need for an analyst programmer associated with program changes through SB 155. Also, in reviewing my notes from the hearing, I realized that Senator Wilken had posed several related questions (about the Commission and Alaska Student Loan Corporation's financial status and gains made in recent years) to which I had not fully responded. He asked about the history of loan defaults and I failed to provide an answer during our discussion.

In January the Commission released the latest Alaska Student Loan Program and Institutional Default rates (the 1999 cohort--loans entering repayment in 1999 are tracked for the first twelve months of repayment to determine the rate at which they enter default). For the first time since the agency began calculating annual rates, both the Program and Institutional rates have fallen below 10%. The Program rate has dropped from 17% in 1996 to the current level of 9.65%. During that same period, the Institutional default rate declined from 14.5% to 9.8%. Staff attributes the substantial improvement to a combination of factors including strong internal collection tools and improved efforts with participating institutions to retain active communication with borrowers to more effectively avert delinquency and defaults.

Thank you again for scheduling hearings on this legislation. I apologize for omitting this information yesterday and look forward to additional discussion and hopefully, positive action on SB 155 at tomorrow's committee hearing. I hope you find this information helpful.

Very Respectfully Yours,



Diane Barrans  
Executive Director

Enclosure



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JUNEAU, ALASKA 99801-7109

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

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MEMORANDUM

To: Senator Lyda Green Date: April 3, 2001  
Chair, Senate Health, Education and  
Social Services Committee

Thru: Diane Barrans Subject: Fiscal Note Inquiry  
Executive Director

From: Frank [Signature] Phone: 465-6671  
Personnel Officer

The purpose of this memorandum is to respond to Senator Leman's question during the committee's initial reading of SB 155. Regarding the fiscal note attached to the bill, Senator Leman asked if it would not be more cost efficient to contract out programming responsibilities in connection with AlaskAdvantage rather than have a full-time programmer on staff. In evaluating what additional human resources would be critical to successfully implement the AlaskAdvantage Program, we concluded that our in-house capacity to make system modification was an essential element and determined that one full-time position should be requested.

We estimate that within three years of implementing the AlaskAdvantage Loan Program we will be originating approximately \$25-\$35 million in federal loans annually. The key to success as a lender and servicer within the federal student loan program is the ability to administer loans in compliance with that program's regulations. Because of the process for federal regulation development, typically much time is spent on developing a final regulation but once final, little time is available to implement resulting process or system changes. Therefore, this agency's ability to assign fully trained, and student loan industry knowledgeable programmers will be key to insuring compliance and retention of the federal guarantee on the loans. Because it is our intent to offer AlaskAdvantage loans at below market rates, it will be mission-critical for us to retain the guarantee and not risk the loss of associated income.

Having described the importance of this particular resource for you, I would add that we did, for this legislation and when needs have occurred in the past, investigate utilizing contractual IT support. We found that, because programming in this environment is a business expertise of its own and resides solely within the industry, we were unable to identify a contractual service in Alaska with the necessary expertise. Any third-party support we would hope to find would more than likely come from a competitor outside of Alaska. From a competitive standpoint, we would not expect their priorities to match the goals and visions of the AlaskAdvantage Loan Program nor be in the best interest of the Commission and Corporation Boards.

In the end, we believe the cost of a programmer is minimal when compared with potential revenue returns and the benefits we expect to afford borrowers through those returns. Much of this same logic would apply to the other positions, as well and we would be more than happy to provide additional data in support of this request if you desire.



**FACT:**

Alaska students get the lowest number of federal Pell Grants of any state.

*Source: Institute for Higher Education Policy, December 2000*

**FACT:**

The average lifetime income of families headed by college graduates is \$1.6 million more than that of families headed by high school graduates.

*Source: Postsecondary Education Opportunity, November 2000*

**FACT:**

Key to expanding Alaska's economy is providing low cost access to higher education for Alaskans.

*Source: National Alliance of Business, Fall 2000, and Alaska Department of Labor and Workforce Development, September 2000*

**FACT:**

Each year, Alaska imports over 69,000 workers for jobs that could be filled by Alaskans – if they could get the training they need.

*Source: Alaska Economic Trends, February 2000*

## **AlaskAdvantage**

*is brought to you*

*by*

### **The Alaska Commission on Postsecondary Education**

[www.state.ak.us/acpe](http://www.state.ak.us/acpe)

**Customer Service: (800) 441-2962**  
**Administrative Offices: (907) 465-6740**

With gratitude to Alaska's accredited institutions of postsecondary education, partners delivering financial aid quality and service:

- University of Alaska*
- Alaska Vocational Technical Center*
- Hisagvik College*
- Alaska Pacific University*
- Sheldon Jackson College*
- Charter College*
- Career Academy*
- Alaska Bible College*
- New Concepts Beauty School*

## **AlaskAdvantage**

*Student Financial Aid  
for Alaska's Future*

**Alaska Commission on Postsecondary Education**  
[www.state.ak.us/acpe](http://www.state.ak.us/acpe)



*Standing:*  
 Commissioners Grey  
 Middel, Lisa Troelich  
 Demeko, Senator Gary  
 Wilton, Rosa Foster,  
 Mark Begich  
*Seated: Commissioners*  
 Frances Rose,  
 Dr. Milton Burd,  
 Bobette Bush  
*Not Pictured:*  
 Commissioners  
 Representative Lisa  
 Markowski, Skye  
 Rubadeau, Tomie Hall,  
 Kristen Forester,  
 Dr. Ludia Hays



## From your Commissioners

Dear Alaskan:

It is with great pleasure that the Commission introduces *AlaskAdvantage*, a revolution in financial aid services for Alaska.

*AlaskAdvantage* is a service-oriented financial aid packaging and delivery system designed to provide Alaskans access to the guaranteed lowest-cost financial aid, as well as to provide our students and our State with the rewards of increased access to higher education. The *AlaskAdvantage* program packages Alaska Student Loan and federal Title IV programs to provide borrowers with one-stop financial aid shopping, simultaneous grant and loan application, and significant cost reductions. The program additionally includes provisions to fund grant programs and to attract new students at Alaska institutions.

We're particularly proud that the *AlaskAdvantage* program will be managed and operated in Alaska, by Alaskans, for Alaska.

*Your Alaska Commission on  
 Postsecondary Education*

## Questions & Answers

### Will the ASL go away?

*The ASL will not go away. The ASL will continue to be available for students who are not eligible for federal Title IV aid, and for students whose need exceeds their Title IV aid.*

### Does this mean all students will be required to complete a free application for federal student aid (FAFSA)?

*All students will have to complete a FAFSA. The FAFSA is also the application for federal grants, so this step will ensure that students do not borrow when they could be getting free grant aid.*

### What about students whose parents will not provide the tax information needed to complete a FAFSA?

*Students who cannot complete the FAFSA because their parents do not provide required information may still be eligible to apply for the ASL. If these students have completed the other sections of the FAFSA, they won't even need to fill out a new application form. However, by not completing all sections of the FAFSA, they will be forfeiting their entitlement to any federal grants or loans for which they may be eligible.*

### What are the *AlaskAdvantage* benefits For Alaska's students?

- ❖ *One-stop financial aid shopping & info center*
- ❖ *One-form grant and loan application*
- ❖ *Lowest cost financial aid*
- ❖ *Options for students with poor credit histories*
- ❖ *Increased access to loan deferment or cancellation for borrowers with hardships*

### What are the benefits for Alaska's higher education institutions?

- ❖ *Streamlined aid packaging and delivery*
- ❖ *Significantly reduced administrative burden*
- ❖ *Recruiting tool to attract students to Alaska*

### And the benefits for Alaska

- ❖ *New funding options for economic development*
- ❖ *Creation of grant funding pool for Alaska*
- ❖ *Incentives for Alaska students to stay in Alaska*
- ❖ *Economic stimulation via in-state servicing of up to \$24 million in federal loans formerly serviced outside of Alaska*

**AlaskAdvantage is scheduled to debut fall 2002**

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
SECTIONAL ANALYSIS  
SB155/HB204

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
1	Findings and purpose.	1 2	12 1-25	Emphasize ACPE/ASLC joint missions to expand economic benefit of education and training as broadly in the state as possible; providing benefits to individuals, institutions, and industries.	New Language	Immediately
2	ACPE advisory functions.	2 3	26-31 1-14	Remove archaic and/or unfunded functions.	Amended Language	Immediately
3	ACPE mandated functions.	3	15-23	Emphasize financial aid administration, regulation of in-state postsecondary institutions; and administration of federal student financial aid.	Repeal and Reenacting Language	Immediately
4	ACPE authorized (p rmissive) functions.	3 4	24-31 1-25	Clarify: (1) regulation adoption authority to administer state and federal financial aid programs and postsecondary institutional authorization; (2) authority to delegate operational administration to ACPE executive director or subcommittees; (3) establish and collect fees for review of non-Alaska institutions; and, (4) collect financial aid debts from individuals, including collection fees.	Moves Existing Language and Adds New Language	Immediately
5	ACPE authorized role re: postsecondary consortia in Alaska	4 5	26-31 1-7	Authorization to negotiate agreements between the University of Alaska and other consortia institutions.	Amended Language	Immediately
6	ASLC purpose	5	8-18	To include creating financial aid administration efficiencies. Provide operating principles to guide corporation action.	Amending and Clarifying Language	Immediately
7	ASLC general powers	5 6 7 8	19-31 1-31 1-31 1-16	Revise and clarify collection authority and to insure ASLC activities are financially self-sustaining.	Amending and Clarifying Language	Immediately

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
8	ASLC to finance education loan programs.	8 9	17-31 1-11	Provide direction for establishment of state supplemental education loan programs. Provide operating principles to insure flexibility for developing various state loan products and that such products be designed to attract and retain students in Alaska, including offering terms and conditions that are more attractive than prevailing market terms.	New Language	Immediately implement, but loans disbursed on or after July 1, 2002
9	Clarifies the purpose of the education loan fund and describes appropriate uses of the fund.	9 10	12-31 1-8	By reference, specifically authorize financing for integrated state and federal financial aid programs.	Amended Language	Immediately
10	Education loan fund.	10	9-16	Conforming change.	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002
11	Education loan fund.	10	17-26	Conforming change.	Amending Language.	Immediately implement, but loans disbursed on or after July 1, 2002
12	Bonds of the corporation.	10 11	27-31 1-2	Extend maximum time period for ASLC bond maturities when longer terms are financially beneficial.	Amended Language.	Immediately
13	Bonds of the corporation.	11	3-6	Increase two-year aggregate ASLC bonding capacity to insure adequate cash flow to meet integrated programs loan demand.	Amended Language.	Immediately
14	Trust indentures and trust agreements.	11 12	7-31 1-8	Conforming change clarifying broad collection authority on all assets and obligations to the corporation.	Amended Language	Immediately
15	Pledge and agreement of state.	12	9-18	Conforming change.	Amended Language	Immediately

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
16	General provisions.	12 13	19-31 1-7	Provide definitions of terms used throughout this chapter.	Moves Existing Language and Adds New Language	Immediately
17	Education loan program.	13	8-20	Secs. 17 through 28 retain existing Alaska Student Loan Program until AKAdvantage is operating in 2002-2003.	New Language to Replace AS 14.43.090	Immediately
18	Conditions of loans.	13	21-26	Conforming change.	Amended Language	Immediately
19	Conditions of loans.	13 14	27-31 1-2	Conforming change.	Amended Language	Immediately
20	Conditions of Loans.	14	3-11	Conforming change.	Amended Language	Immediately
21	Consolidation of loans.	14	12-20	Conforming change.	Amended Language	Immediately
22	Eligibility of Students.	14	21-25	Conforming change.	Amended Language	Immediately
23	Discrimination prohibited.	14	26-30	Conforming change.	Amended Language	Immediately
24	Default.	14 15	31 1-24	Provide administrative collection power through authority to issue liens against real property as a means of recovering on defaulted loans.	New Language	Immediately
25	Default.	15	12-24	Extend uniform collection methods for all loans serviced by the Commission. Recognize that default threshold under AKAdvantage will be set according to federal standards (currently at 280 days delinquency).	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002.
26	Default.	15 16	25-31 1-6	Provide default appeal process to borrowers regardless of the specific loan type. Establish a timely response standard for the ACPE executive director to act upon a default appeal.	Amended Language	Immediately implement, but loans disbursed on or after July 1, 2002.

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
27	Lien.	16	7-18	Describe the lien authority of the ACPE regarding defaulted student loans.	New Language.	Immediately
28	Definitions.	16 17	19-31 1-14	Conforming changes.	Amended Language.	Immediately
29	Establish the federal guaranteed AKAdvantage and the Alaska Supplemental Education Loan Programs.	17-22			New Language.	Immediately implement, but loans disbursed on or after July 1, 2002.
29	Sec. 14.43.161 Purpose; creation.	17	16-20	Sec. 29 as a whole, describes the new, integrated loans programs. AKAdvantage to be first loan offered to borrowers.		
29	Sec. 14.43.162 Eligibility.	17 18	21-31 1-11	Recognize that the eligibility criteria is established by federal student loan rules. Additional AKAdvantage criteria are that a borrower be an Alaska resident or attending in Alaska. Defines residency criteria.		
29	Sec. 14.43.163 Restrictions on award.	18	12-22	Recognize that annual lending limits under this program are set by federal student loan rules.		
29	Sec. 14.43.164 Use of loan.	18	23-25	Recognize that permitted use of funds determined by federal student loan rules.		
29	Sec. 14.43.165 Interest.	18 19	26-31 1-9	Recognize: (1) that the formula for setting the interest rate on the loan is determined by federal rules (variable with current cap of 8.25%); (2) the rate may be no more than the federal student loan rate; (3) interest accrues from the time the loan is disbursed to the borrower; (4) during periods of enrollment or deferment the borrower may elect to pay the interest or to have it capped; and (5) for those borrowers who qualify, the federal government may pay interest on their behalf during qualifying periods.		
29	Sec. 14.43.166 Repayment.	19	10-17	Clarify that loan terms include a six-month grace period during which payments are deferred. Clarify that loans obtained in error or by falsification by borrower may be subject to accelerated repayment requirement permitted by federal student loan rules.		
29	Sec. 14.43.167 Consolidation of loans.	19	18-25	Clarify ACPE authority to offer consolidation of loans.		

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
29	Sec. 14.43.168 Default.	19	26-31	Authorize ACPE to establish default requirements that are compliant with federal student loan rules.		
29	Sec. 14.43.170 Creation; purpose.	20	1-10	Alaska non-federal loan to be provided to supplement AKAdvantage loan to address remaining financial need.		
29	Sec. 14.43.171 Applicability of other laws.	20	11-14	Incorporate, by reference, certain specific existing Alaska Student Loan requirements. This section creates alignment of terms and conditions of the Supplemental loans with AKAdvantage loans to reduce consumer confusion and administrative complexity where possible. Applicable laws are regarding: minimum standards for institutional default rates; prohibited discrimination; contracting with minors; default and collection tools (PFD garnishment, leveraging licenses, administrative wage garnishment, creating liens); definitions; use of loans; loan consolidation, and, default.		
29	Sec. 14.43.172 Eligibility.	20 21	15-31 1-27	Provide for Supplemental loans to continue to be available to Alaska institutions that may not participate or qualify for participation in the federal student loan program and allow ACPE to establish certain standards with which the institutions may be required to comply. Provide the authority to perform credit review of applicants for Supplemental loans. Establish minimum credit standards. Specify conditions under which an applicant who fails to meet the standards may become qualified for a loan, including obtaining a credit-worthy co-signer.		
29	Sec. 14.43.173 Loan award maximums.	21 22	28-31 1-12	Establish annual and aggregate loan award maximum for the Supplemental loan. Provide that borrowers must be considered in good standing by their institution to continue to receive loan disbursements.		
29	Sec. 14.43.174 Interest.	22	13-21	Provide authority for the ASLC to set the interest rates and provides that the rate not exceed 8.25%. Clarify that interest accrues from the time a loan is disbursed and that interest may be paid or deferred and capped, as elected by the borrower.		
29	Sec. 14.43.175 Repayment of loans.	22	22-27	Provide for a six-month grace period following the in-school period when payments are deferred.		
30	Memorial Scholarship Loan Fund	22 23	28-31 1-5	Conforming change. Throughout this chapter references to "scholarship loans" are being amended to read "education loans" to eliminate any confusion about whether the aid is a scholarship or a loan.	Amending Language.	Immediate
31	Memorial loan payment.	23	6-12	Conforming changes.	Amended Language.	Immediate

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
32	Memorial loan administering authority.	23	13-17	Conforming changes.	Amended Language.	Immediate
33	Education Incentive Grant Administration.	23	18-22	Conforming changes.	Amended Language.	Immediate
34	Teacher Education Loan selection criteria.	23	23-27	Conforming changes.	Amended Language.	Immediate
35	Teacher Education Loan selection criteria.	23 24	28-31 1	Conforming changes.	Amended Language.	Immediate
36	Family Education Loan account.	24	2-14	Conforming changes.	Amended Language.	Immediate
37	Definitions.	24	15-17	Adding a chapter definition for corporation to mean ASLC.	New Language.	Immediate
38	Definitions.	24	18-24	Adding chapter definitions for "federal guaranteed student loan program" and approved FFEL institution."	New Language	Immediate implement, but loans disbursed on or after July 1, 2002.
39	Repayment condition for (WICHE) program participants.	24	25-27	Conforming changes.	Amended Language.	Immediate
40	Repayment.	24	28-31	Provide for collection authority in the event of default of a WICHE Professional Student Exchange Program loan.	New Language	Immediate
41	Duties of recorder.	25	1-3	Conforming change related to ACPE authority to place a lien as a means of collection on a defaulted loan.	New Language	Immediate
42	Repealer section.	25	4-5	Repeal 14.42.010(a), ACPE purpose and intent, and 14.42.030(c) ACPE functions. Replaced in Secs. 1-4 of this bill.  Repeal 14.42.390, ASLC definitions, replaced in Sec. 16 of this bill.	Amending Language.	Immediate

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE	EFFECTIVE DATE
				<p>Repeal 14.43.090, creation of the scholarship loan fund, which is replaced in Sec. 17 of this bill.</p> <p>Repeal 14.43.255(c), memorial loan fund, authority to sell assigned loans to the corporation.</p> <p>Repeal 14.43.315, memorial discrimination prohibited section. Protection provided through incorporation by reference in Sec. 32 of this bill.</p> <p>Repeal 14.43.730; family education loan administration section. Authority provided through incorporation by reference in Sec. 3 of this bill.</p> <p>Repeal 14.48.050(10), ACPE power to establish fees for review of institution. Replaced in Sec. 4 of this bill.</p>		
43	Transition language.	25	6-13	Provide ACPE with ability to immediately begin AK Advantage implementation processes that are necessary in order to offer student loans under the new program for the 2002-2003 academic period.	Transition language.	Immediate
44	Transition language.	25	14-20	Provide ACPE with ability to immediately begin AK Advantage regulation promulgation necessary to offer student loans under the new program for the 2002-2003 academic period.	Amended Language.	Immediate
45	Instruction to Revisor	25 26 27	21-31 1-31 1-9	Conforming changes to provide consistent use of terminology relating to loan programs administered by ACPE.		Immediate
46	Effective Date Section.	27	10-11			
47	Effective date section.	27	12			

TONY KNOWLES  
GOVERNOR

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

AK 155

March 20, 2001

The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Halford:

Alaska's student loan program has achieved great success in the past few years. The Commission on Postsecondary Education and the Alaska Student Loan Corporation have turned the program around -- running it in the black for the first time in history and paying a dividend back to the state. This year the dividend payment is \$2.2 million with another \$4 million expected for fiscal year 2002. All of this while serving over 90,000 Alaska student loan customers with \$615 million in loans.

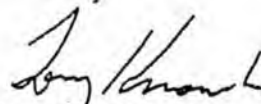
This bill I transmit today establishes the AlaskAdvantage Loan Program, the next step in continuing the growth and financial integrity of the state student loan program. Under this legislation, Alaska would participate in the federal guaranteed student loan program which brings benefits including low interest rates for borrowers and reduced risk to the state through federal loan guarantees.

This bill also creates a supplemental loan program to provide financial assistance in the event the AlaskAdvantage Loan is insufficient to cover education costs or the student does not qualify for assistance under the federal guaranteed student loan program.

This bill will create a one-stop financial aid information center and financial opportunity, guaranty the lowest possible borrowing rates, streamline aid delivery and reduce financial risk to the State through the federal guarantee. This program will also offer expanded options for borrowers with special needs in loan repayment.

At a time when access to quality education is at the forefront of our legislative agenda, I urge your prompt and favorable action on this measure.

Sincerely,



Tony Knowles  
Governor

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/21/01

FURTHER: Finance

Date of 5-Day Notice: 03/29/01  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 04/09/01

Health, Education and Social Services Committee considered SENATE BILL NO. 155

STUDENT LOANS/COMMISSION ON POSTSECONDARY EDUCATION

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#
Alaska Commission on Postsecondary Ed.	4/3/01	X		

**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>James White</i>	✓			
<i>Brew D. Hansen</i>	✓			
<i>Anthony Davis</i>			✓	
<i>Settje Davis</i>	✓			
CHAIR: <i>Lynne Green</i>	✓			

**SB**

**178**

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 178  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
 Title: Relating to the Detention of Minors BRU: Juvenile Justice  
 Component: Delinquency Prevention  
 Sponsor: Therriault  
 Requester: \_\_\_\_\_ Component Number: 248

**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>CHANGE IN REVENUES ( )</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						
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						
Temporar						

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

Alaska receives approximately \$670,000 per year through the Juvenile Justice and Delinquency Prevention Act (Act) formula grant program which supports activities related to the four mandate areas under the Act: 1. Deinstitutionalization of status offenders, 2. Separation of juveniles from adult offenders, 3. Removing juveniles from adult jail and lockup facilities, and 4. Disproportionate minority confinement. If a state fails to comply with standards set for each of these four mandates, a grant withholding penalty of 25% is assessed against the formula grant total for each mandate in which the state is found to be in non-compliance. Additionally, failure to correct areas of non-compliance will require all remaining funds be directed to efforts to bring the state into compliance with the Act.

Prepared by: George Buhite, Director Phone 465-1385  
 Division: Juvenile Justice Date/Time 3/14/01 7:58 AM  
 Approved by: Karen Perdue, Commissioner Date 4/11/01 1:36 PM  
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

## ANALYSIS: (continued)

Alaska has difficulty meeting the established compliance standards related to the removal of juveniles from adult jails and lockup facilities. Because of Alaska's expansive geography, limited transportation services in many rural parts of the state, adverse weather conditions which impact transportation, and the fact there are only 6 youth detention facilities in Alaska, the state stands to lose approximately \$168.0 in federal grant receipts due to non-compliance with jail removal mandates under the JJDP Act.

The Act allows a state to receive full formula grant funding if, through application of certain compliance exceptions, the number of violations remain below the limits set by federal regulation. In order to take advantage of the jail removal compliance exceptions the state must have a law requiring that juveniles placed in an adult facility be brought before the court within 24 hours of their placement. These exceptions provide a set of allowable circumstances under which a juvenile may be held in an adult facility without incurring a non-compliance violation of the jail removal mandate of the Act. These exceptions allow a juvenile to be held for longer periods as a result of limited transportation services, adverse weather conditions or other circumstances which contribute to delays in moving juvenile offenders out of inappropriate adult facilities into youth detention facilities. This bill proposal would enact a 24 hour arraignment in these juvenile cases, places the mandate exceptions provided in the federal regulations in state statute, and would preserve Alaska's ability to claim full funding of the federal grant award under the Act.

**SENATE COMMITTEE REPORT,  
First Committee of Referral**

DATE: April 6, 2001

FURTHER: Judiciary

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

DATE TURNED  
IN TO OFFICE: 04/20/01

Health, Education and Social Services Committee considered SENATE BILL NO. 178

*DETENTION OF DELINQUENT MINORS*

"An Act relating to the detention of delinquent minors and to temporary detention hearings; amending Rule 12, Alaska Delinquency Rules; and providing for an effective date."

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#
Health & Social Svs	4/12/01		X	1

**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>[Signature]</i>	✓			
<i>[Signature]</i>				
<i>[Signature]</i>	✓			
<i>Bettye Davis</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

# Alaska State Legislature

SENATOR  
GENE THERRIAULT

Mailing Address:  
119 N. Cushman, Suite 101  
Fairbanks, Alaska 99701  
(907) 488-0857  
Fax: (907) 488-4271



Senate

White in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4797  
Fax: (907) 465-3884

Senate District Q

Senate Bill 178

"An Act relating to the detention of delinquent minors and to temporary detention hearings; amending Rule 12, Alaska Delinquency Rules; and providing for an effective date."

SPONSOR: Senator Gene Therriault

## SPONSOR STATEMENT:

The State of Alaska receives federal formula grant funding to implement the mandates of the Juvenile Justice and Delinquency Prevention Act of 1974. The four mandates of the Act include:

- Deinstitutionalization of status offender
- Sight and sound separation of juveniles from adult offenders
- Removing juveniles from adult jail and lockup facilities
- Addressing disproportionate minority confinement

Alaska funds a variety of community based delinquency response services to meet these mandates including electronic monitoring programs, attendant care shelters and non-secure hold services, mentoring and community accountability courts.

Alaska stands to lose \$168,000 of these federal formula funds because of the number of youth temporarily held in rural and remote adult jails throughout Alaska prior to an initial court hearing and transport to a youth facility. This noncompliance could mean that Alaska will also lose discretion on how \$504,000 of federal money may be used. Federal law will require these funds to be rerouted and used to bring the state into compliance.

When a juvenile commits a serious offense in a rural or remote community, they may need to be detained upon arrest in order to protect the public. There are only 6 juvenile detention centers throughout Alaska, so serious juvenile offenders in remote communities often end up in village adult lockup facilities awaiting relocation to a juvenile facility. Federal regulations require that juveniles in adult facilities be held for no more than 24 hours; however, the regulations also allow a state to extend those time limits because of adverse weather, limited transportation options, and other conditions. Such an extension is only available in states where the juvenile must make an initial appearance in court within 24 hours of their arrest.

SB 178 would require an initial appearance in court within 24 hours for juveniles placed in an adult jail or lockup and would place the federal regulation exception language into state statute. This change would give Alaska the ability to claim certain exceptions to the federal mandates, preserve the state's eligibility for 100% of the federal formula grant allocation, but would not allow juveniles to be held in adult facilities any longer than is absolutely necessary.

# Alaska State Legislature

SENATOR  
GENE THERRIAULT

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Senate

SB 178

Briefing Paper

While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4797  
Fax: (907) 465-3884

Senate District Q

- Alaska exceeds the number of violations associated with excessive time limits for juveniles held in adult jails or lockups. This jeopardizes Alaska's continued receipt of federal formula delinquency prevention grant funds.
  - Federal Formula Grant totals \$672.0
  - Grant funds support: attendant care shelters; mentoring programs; electronic monitoring; youth and elders courts.
- The Juvenile Justice and Delinquency Prevention Act of 1974 creates 4 primary mandates, including the removal of juveniles from adult jails. The regulations for the Act allow a state to claim certain exceptions to specified time limits if the state enacts a 24 hour arraignment for juveniles held in adult jails or lockups.
  - Senator Stevens Alaska Exemption to the 24 hour arraignment rule for juveniles in adult jails and lockups expire September, 2002.
- SB 178 established a 24 hour arraignment requirement for juveniles arrested and held in rural and remote adult jails and holding facilities and puts the federal regulation time exception language in the Delinquency statutes.
- SB 178 would not extend the periods of time for which juveniles might be held in adult lockups. Officials would continue to move juveniles from remote locations into regional juvenile detention centers as quickly and safely as possible. SB 178 simply gives Alaska access to regulatory time exceptions which lower violation rates and preserve federal funding.
- Youth held in juvenile detention centers would continue to be arraigned within 48 hours as provided under the current statute.
  - Establishing a two level delinquency arraignment system minimizes the fiscal impact and preserves Alaska's eligibility for full federal formula grant funding.
  - There were 2,728 juveniles detained in FY 2000. 222 of these were held for various periods of time in adult jails or lockups, most were moved to juvenile detention facilities within allowable time limits.
  - The violation rate can not be more than 9 "non-conforming" holds per 100,000 population. This would put Alaska's rate at 19.5. In FY 1998 we had a violation rate of 29.5 and in FY 1997 the violation rate was 38.2. These violations would be under the 19.5 rate if Alaska could claim the exceptions provided through enactment of a 24 hour arraignment for juveniles held in adult jails or lockups.

FY00 Detention Episodes - All events data - Source UAA.xls

CRIME \* ADULTFAC Crosstabulation

CRIME	Juvenile Facility	Adult Facility	Total
2 ARSON	4	1	5
3 ASSAULT	394	18	412
5 BENCH WARRANT	147	16	163
7 BURGLARY	105	15	120
9 CINA	4		4
10 CONCEALMENT	4	7	11
11 CONTEMPT OF CT	2		2
12 CT ORDER	16	2	18
13 CRIM MSCHF	72	2	74
14 CRIM TRESP	21	3	24
16 DETENT ORDER	8		8
19 DISORD CONDUCT	17	3	20
20 DWOL	15	2	17
21 DWLS		8	8
22 DWI	28	12	40
26 FTA	14		14
29 FORGERY	5		5
31 HARRASSMENT	1		1
33 KIDNAP		1	1
35 MCA/MIP	9	11	20
36 MISCON W/WEAP	24		24
37 MICS	61	16	77
38 NONCRIM		4	4
41 PROB VIOL	592	17	609
42 PC-UNQUALIFIED	19	18	37
43 PC-ALC	104	11	115
44 PC-MENTAL	18	5	23
47 RECKLS DRIV	8	3	11
48 RESISTING ARR	18		18
49 RIOTING	1		1
50 ROBBERY	13		13
51 RUNAWAY	1		1
52 SALE OF ALCH	1		1
53 SERVE TIME	5	3	8
54 SEX ASSAULT	15	2	17
55 SEX AB OF MINOR	19	3	22
57 THEFT	190	9	199
58 TRAFFIC-OTHR	39		39
59 VOVCOR	11		11
60 VCR	108	1	109
61 MURDER	8	1	9
62 BW-FTA	56	6	62
63 BW-TRAFFIC	1		1
64 BW-PROB VIOL	96		96
65 WEAPONS	2		2
68 MTR VHCL THEFT	35	1	36
69 ESCAPE	3		3
71 TERRSTC THRT	6	2	8

FY00 Detention Episodes - All events data - Source UAA.xls

72 CRIM NEG BURN	1		1
77 CRIMINAL CHARGE:UNSPECIFIED	1		1
82 False Information	2		2
84 Attempted Murder	1		1
86 unlawful evasion	2		2
88 out of state crim warr	1		1
90 PRG DISCIPLN	43		43
91 MED TRANSFER	3		3
92 TRANSFER FR CTHR FAC	36		36
93 ON PASS	3		3
100 coercion	1		1
102 temp hold	2		2
103 municipal ord. violation	5		5
104 INS hold for deportation		2	2
107 warrent interstate cina	1		1
108 Violation DV restraining order	4		4
112 possession of stolen property	1		1
113 indecent viewing peeping tom	1		1
114 pre release program	1		1
115 traffic criminal	17		17
116 Domestic Violence	60	17	77
Total	2506	222	2728

**SB**

**188**



**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: April 10, 2001

FURTHER: Resources  
Finance

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

DATE TURNED  
IN TO OFFICE: 04/20/01

Health, Education and Social Services Committee considered SENATE BILL NO. 188

*EDUCATION FUND/LAND ENDOWMENT*

"An Act establishing an education fund and a land endowment for public education; and providing for an effective date."

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#
Educ. & Early Dev	4/20/01	X		1
Natural Resources	4/17/01	X		2
Natural Resources	4/17/01	X		3
Revenue	4/17/01	X	X	4

**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 L. ...</i>	✓			
<i>...</i>	✓			
<i>Beth ...</i>			X	
<i>...</i>	✓			
CHAIR:				

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 188  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
 Title: EUDCATION FUND/LAND DEVELOPMENT BRU: Education Fund/Land Development  
 Component: Education Fund/Land Development  
 Sponsor: Senator Ward  
 Requester: (S) HES Component Number: NEW

**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		277.2	1,343.9	1,343.9	1,343.9	1,343.9
Travel		37.5	75.0	75.0	75.0	75.0
Contractual		150.0	750.0	750.0	750.0	750.0
Supplies		10.0	32.0	32.0	32.0	32.0
Equipment		20.0	35.0	35.0	35.0	35.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>494.7</b>	<b>2,235.9</b>	<b>2,235.9</b>	<b>2,235.9</b>	<b>2,235.9</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		494.7	2,235.9	2,235.9	2,235.9	2,235.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>494.7</b>	<b>2,235.9</b>	<b>2,235.9</b>	<b>2,235.9</b>	<b>2,235.9</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		5	21		
Part-time					
Temporary					

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

This fiscal note assumes passage of a constitutional amendment in November 2002 and enactment of SB188 beginning in January of 2003. First year costs include establishing the Education Fund Board and staff to set up and operate a land management program including creating land status plats, computerized land records, application forms, conveyance instruments, land title records, accounting, survey, appraisal, policies and procedures for various types of disposals, leases, permits, and mineral entry. Staff proposed in year one include an Executive Director, Natural Resource Manager, two Natural Resource Technicians, and a board secretary. Staff to be added in year two include two Natural Resource Officer II (R16), twelve Natural Resource Office I (14), four Natural Resource Technician II (R12), and three Natural Resource Technician I (R10). Additional costs represent estimates for board and staff travel, contracting for specialized land management/development expertise, public notice/advertising, printing, phones, fax, copying, supplies, and equipment.

Prepared by: Karen J. Rehfeld, Director Phone 465-8650  
 Division: Education Support Services Date/Time 4/20/01 12:00 AM  
 Approved by: Bruce Johnson, Deputy Commissioner of Education Date 4/20/01  
 Agency: Education & Early Development

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 188  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: EDUCATION FUND/ LAND ENDOWMENT

Dept. Affected: Natural Resources  
 BRU: Minerals, Land & Water Dev.  
 Component: Land Sales & Muni. Ent.

Sponsor: Sen. WARD  
 Requester: (S) HES

Component Number: 2456

**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		313.1	600.8	600.8	600.8	600.8
Travel		25.0	25.0	25.0	25.0	25.0
Contractual		30.0	12,030.0	12,030.0	12,030.0	12,030.0
Supplies						
Equipment		15.0	10.0			
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>383.1</b>	<b>12,665.8</b>	<b>12,655.8</b>	<b>12,655.8</b>	<b>12,655.8</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF		383.1	12,665.8	12,655.8	12,655.8	12,655.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>383.1</b>	<b>12,665.8</b>	<b>12,655.8</b>	<b>12,655.8</b>	<b>12,655.8</b>

Estimate of any current year (FY2001) cost: None

Check this box if funding for this bill is included in the Governor's FY2002 budget proposal: [ ]

**POSITIONS**

Full-time		5	9	9	9	9
Part-time			1	1	1	1
Temporary						

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

This fiscal note is the minimum necessary for DNR to process land selections and conveyances to the Education Fund Board. It does not cover any expenditures by the Education Fund Board to set up and operate a land management program similar to DNR's existing functions: creating land status plats, computerized land records, application forms, conveyance instruments, land title records, accounting, survey, appraisal, policies and procedures for various types of disposals, leases, permits, and mineral entry. Those costs would probably be at least \$2 million annually, twice what DNR's Mental Health Trust Land Unit spends each year to manage mental health trust lands (a smaller endowment). (CONTINUED)

Prepared by: Bob Loeffler  
 Division: Mining, Land and Water  
 Approved by: Pat Pourchot  
 Agency: Natural Resources

Phone: 269-8600  
 Date/Time: 17-Apr-01  
 Date: 17-Apr-01

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

SB 188 requires DNR to transfer five million acres of state land to the School Land Fund in the Department of Education and Early Development. Assuming it goes into effect by January 2002, DNR would have 11 years during which to transfer the land, or 455,000 acres per year. Most of the fiscal cost is associated with land surveys (shown as contractual services), which the legislation requires DNR to complete within one year after the legislature's approval of the annual list of lands. A major factor in this high survey cost is that more than half of state-owned land has not yet been surveyed by the federal government. To meet the bill's requirements, DNR will need to issue contracts for cadastral surveys that would otherwise be a federal responsibility.

Non-survey costs could be higher depending on what lands are selected and the level of controversy relating to individual parcels. As the new School Land Fund would have no existing endowment, land conveyance costs would have to come from the General Fund rather than Interagency Receipts.

This analysis assumes that the legislation takes effect early in calendar 2002 and that the Fund Board is ready to consider potential selections early in FY 03. For FY 03, staff will include a fulltime Natural Resource Manager II, a fulltime Natural Resource Officer (NRO) II, three fulltime NRO I's, and a fulltime Natural Resource Technician II who will help identify parcels for Fund Board selection, check land status and land records, identify and notify third-party interests, provide public notice, respond to public inquiries, negotiate with the Fund Board, reserve easements to and along public waters under AS 38.05.127, update state land records, and perform other tasks to prepare land lists. Beginning in FY 04, the staff also includes four Land Survey Assistant I's to prepare survey instructions and issue/manage survey contracts, and a half-time NRO II to prepare and record conveyance documents. Large contractual expenditures beginning FY 04 reflect the cost to survey parcels. Survey costs assume a minimum parcel size of 640 acres and that some of the selections do not require survey.

\* Note: It is impossible to project how much revenue these conveyances will generate for the Fund Board, and will be lost to the state, without knowing exactly what lands will be transferred. However, it can be assumed the Fund Board will select the most valuable parcels it can find. The effect is to divert revenues out of the general fund, where they would have been available for those public purposes the Legislature deemed most important in a given year, to the Fund Board for strictly educational purposes. Also, by removing the most valuable parcels from the state's asset base, the bill reduces one of the most important incentives for local government to incorporate: the opportunity to select top-quality commercial, residential, and industrial land for municipal ownership under AS 29.65.

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB186  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Natural Resources  
 BRU: Oil & Gas Development  
 Component: Oil & Gas Development  
 Component Number: 439

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: Education Fund/Land Endowment  
 Sponsor: Senator Ward  
 Requester: (S) HES

**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	18.7	19.1	19.5	19.8	20.2	20.6
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>18.7</b>	<b>19.1</b>	<b>19.5</b>	<b>19.8</b>	<b>20.2</b>	<b>20.6</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						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts **	18.7	19.1	19.5	19.8	20.2	20.6
<b>TOTAL</b>	<b>18.7</b>	<b>19.1</b>	<b>19.5</b>	<b>19.8</b>	<b>20.2</b>	<b>20.6</b>

Estimate of any current year (FY2001) cost: none  
 Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

\*\*SB 188 provides that the Education Fund Board ("Board") will reimburse DNR for "all costs of selection." (SB0188A, Se. 37.14.650(i)).

The division expects that staff will be required to evaluate the potential that land selected by the Board may be part of an oil and gas exploration license. Furthermore, the division will have to determine whether or not the land selected by the Board is included in a five-year proposed oil and gas leasing program. This fiscal note addresses the personal services required by the division to make these determinations. No estimate of revenues associated with oil and gas development on lands selected by the Board can be made at this time with any precision. At present, there are no oil and gas revenues associated with the lands that might be available for selection by the Board.

Prepared by: Kevin Banks Phone 269-8781  
 Division: Oil and Gas Date/Time 17-Apr-01  
 Approved by: Pat Pourchot Date 17-Apr-01  
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 188  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Education Fund / Land Endowment BRU: Revenue Operations  
 Component: Treasury  
 Sponsor: Senator Ward  
 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						
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>						
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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						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<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 bill as written includes no appropriations to the new fund, so at this time there would be no cost for the department to fulfill its duties in Sec 37.14.610.

When Treasury begins to manage a new fund, the fund is charged a share of the Treasury Division's existing costs as well as any incremental costs directly associated with the new fund. Generally, custody, accounting, audit and overhead costs = 1 basis point on total assets (0.01%); fixed-income investment management fee = 1 basis point (0.01%) of assets invested in fixed-income securities; domestic equity management fee = approximately 1 basis point (0.01%) of assets invested in domestic equities; and international equity investment management fee = approximately 15 basis points (0.15%) of assets invested in international equities.

Prepared by: Betty Martin, Comptroller Phone 465-2352  
 Division: Treasury Division Date/Time 4/17/01 12:40 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 04/17/2001  
 Agency: Department of Revenue

**Department of Revenue Fiscal Note and Analysis**  
**SB 188 – April 17, 2001**

**Bill analysis of investment-related provisions (Section 1).**

This bill would create an endowment to be managed by the Department of Revenue. The investment provisions of the bill raise the following concerns:

- Contrary to current endowment practice, this bill would create an endowment that preserves the distinction between principal and income. More modern statutes do not follow this practice but instead recognize that endowments should be managed for both capital appreciation and interest income. For example, AS 14.25.180 provides that "the Alaska State Pension Investment Board may invest the fund on the basis of probable total rate of return without regard to the distinction between principal and income or the generation of income." Over the long term, this approach yields more income for the endowment than the approach that would be adopted under this bill.
- The bill does not incorporate the prudent investor rule. The statute should incorporate AS 37.10.070, which sets out the prudent investor rule.
- By incorporating AS 37.14.170, the bill would require that the fund be invested for "increasing net income over long-term period to the funds beneficiaries." This provides confusing direction to the fiduciary investing fund regarding the long-term return objectives. It is better to express investment objectives in real terms, such as specifying an after-inflation return objective (5 percent is common), or allowing the fiduciary to determine what objective is appropriate under the circumstances.
- The bill makes available for appropriation only the net income of the fund. This makes the annual pay-out unnecessarily volatile and ties it to short-term investment performance. A better approach is to pay out a fixed percent of the market value of the fund, which will fluctuate much less than year-to-year market performance.

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WARD

TO: SB 188

1 Page 2, following line 31:

2 Insert a new paragraph to read:

3 "(2) a member of the Board of Regents of the University of Alaska  
4 appointed by the governor;"

5

6 Renumber the following paragraphs accordingly.

# SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

## Sectional Analysis

Sec.	Statute	Description
1	AS 37.14.600 Public Finance Trust Funds Education Fund Education fund established	This bill creates a new Article 7 to set up the Education Fund, the principal of which consists of legislative appropriations and gifts, bequests, and contributions from private persons. A distinction between principal and income will be maintained.
	AS 37.14.610 Public Finance Trust Funds Education Fund Powers and duties of the commissioner of revenue	The commissioner of revenue is the treasurer of the fund and has the following duties and powers: (1) act as custodian; (2) receive items belonging to the fund; (3) collect principal and income from investments; (4) invest and reinvest assets; (5) power of ownership of assets; (6) keep records; (7) hire an independent CPA firm to do an annual audit; (8) enter into and enforce contracts necessary for investment purposes; (9) report to the board; and (10) do anything they consider necessary or proper in administering the assets.
	AS 37.14.620 Public Finance Trust Funds Education Fund Administration of the fund; fund board established	The fund will be administered by the Education Fund Board in DEED composed of the governor and the commissioners of DNR and DEED or their designees and four public members appointed by the governor with preference to those who have experience in education or private sector resource development.
	AS 37.14.630 Public Finance Trust Funds Education Fund Powers and duties of the board	The board will (1) hold meetings; (2) have care, control, and management of the land conveyed to the fund by DNR; (3) keep recordings of meetings; (4) prepare an annual report describing expenditures derived from sales, leases, exchanges, or transfers of land or interests in land and the level of contributions to, income of, and expenses of the fund.
	AS 37.14.640 Public Finance Trust Funds Education Fund Uses of fund principal and net income	The principal will be retained perpetually for investment. The net income may be appropriated by the legislature for support of public education and the University of Alaska.

# SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

## Sectional Analysis

Sec.	Statute	Description
	<p>AS 37.14.650(a)                      Public Finance                      Trust Funds                      Education Fund                      Fund land from Statehood Act land selection conveyances</p>	<p>The board is entitled to receive the conveyance of 5 million acres of the Alaska Statehood Act land. The board will submit a list of selections to DNR annually. If there is a disagreement, it must be submitted to the governor to make a final decision. The board and the governor will submit the list to the legislature. The legislature can approve or disapprove the list and lack of disapproval will be taken as approval. Each list must contain up to 25 percent of the total acres of the total land entitled after subtracting previous conveyances and not less than 25,000 acres or remaining entitlement. If the amount of land on the list exceeds the balance due to the fund, land will be conveyed in priority order. Land can't be selected if it (1) is reserved from the public domain; (2) is included in 5-year proposed oil and gas leasing program or leased or has an application for lease for an oil, gas, or coal leasing program; (3) is subject to a resource-based lease or claim; (4) is necessary to carry out the purpose of an interagency land management agreement; or (5) is subject to conveyance under a land exchange or land settlement agreement.</p>
	<p>AS 37.14.650(b)                      Public Finance                      Trust Funds                      Education Fund                      Fund land from Statehood Act land selection conveyances</p>	<p>The transfer of ownership and management of land from the DNR to the fund includes the interest in natural resources. The land is also subject to oil and gas that may be in or on the land for five years after the effective date of this bill.</p>
	<p>AS 37.14.650(c)                      Public Finance                      Trust Funds                      Education Fund                      Fund land from Statehood Act land selection conveyances</p>	<p>Selections must be at least 640 acres unless it is an isolated tract or DNR deems it to be in the best interest of the state. When the fund becomes entitled to the land, DNR will convey a document of interim conveyance or a patent to the land.</p>
	<p>AS 37.14.650(d)                      Public Finance                      Trust Funds                      Education Fund                      Fund land from Statehood Act land selection conveyances</p>	<p>DNR can enter into contracts and grant leases, licenses, prospecting sites, claims, permits, rights-of-way, or easements on any land selected but not yet conveyed with the concurrence of the fund. The land is thereafter subject to these contracts. Income from and management of the land is subject to encumbrances and trespasses as described in this bill.</p>
	<p>AS 37.14.650(e)                      Public Finance                      Trust Funds                      Education Fund                      Fund land from Statehood Act land selection conveyances</p>	<p>Unless the governor decides otherwise, land on the list may not include land which a municipality has selected, unless the selection is rejected by DNR or relinquished by the municipality, or is likely to be selected within 3 years of incorporation. The list may not include land that is subject to oil and gas exploration license or is likely to be included (up to three years after the selection is made).</p>

**SB 188 EDUCATION FUND/LAND ENDOWMENT**  
By Senator Ward

**Sectional Analysis**

Sec.	Statute	Description
	AS 37.14.650(f) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	When land is conveyed, it is subject to any possessory interest held by another person.
	AS 37.14.650(g) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Public notice will be given for any land to be conveyed and the land must provide access to navigable and public water.
	AS 37.14.650(h) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Land conveyed to the fund is subject to the Alaska Statehood Act, the state constitution, public highways, payment requirements to the permanent fund, and the rights of the state. Land conveyed excludes any interest transferred to the state by the Alaska Omnibus Act. For five years after the effective date, the land is subject to DNR in perpetuity of oil and gas and the exploration and removal rights.
	AS 37.14.650(i) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	The fund will bear all costs of selection, platting, surveying, and conveyance of the land it selects. It will also reimburse DNR for costs incurred. If the land has been surveyed, the boundaries of the land must conform to public land subdivisions. If the land is unsurveyed, DNR will survey the exterior boundaries and issue patent within one year of approval by the legislature.
	AS 37.14.650(j) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	If land that is due to the fund is unsurveyed, DNR has one year after approval by the legislature to issue a document of interim conveyance.
	AS 37.14.650(k) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Except as provided in AS 37.14.680 of this bill, management of the land conveyed to the fund vests with the fund from the date of recording of the conveyance. DNR pays the costs of recording the patents and documents of interim conveyance.
	AS 37.14.650(l) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Land selections may not be made after December 31, 2012.

# SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

## Sectional Analysis

Sec.	Statute	Description
	<b>AS 37.14.660</b> Public Finance Trust Funds Education Fund Management and disposition of land	The board establishes procedures for mineral entry or location and mineral leasing on selections. Public comment will be sought on proposals from the board for development, exchange, or sale of land. The fund will prepare an annual plan for management and disposition of the fund with copies available at LIOs and other locations, notice published in newspapers, notice given to legislators and local governments with jurisdiction, and public comment sought.
	<b>AS 37.14.670</b> Public Finance Trust Funds Education Fund Confidential records	Information that may be kept confidential by the board includes (1) name of a person applying for a sale, lease, etc.; (2) names of participants and terms of offers to purchase, lease, etc. before the announced time of opening of an offer; (3) financial information relating to land considered for disposal or currently subject to a contract; (4) financial information submitted in support of applications for bonds, leases, or other information in offerings and ongoing operations relating to management; (5) applications for rights-of-way or easements; and (6) requests for information about or applications by public agencies for land that is being considered for use for a public purpose.
	<b>AS 37.14.680</b> Public Finance Trust Funds Education Fund Land subject to encumbrances and trespasses	If the lease license, contract, prospecting site, claim, sale, permit, right-of-way, easement, or trespass existed before the selection of the land, the state is entitled to receive the income obtained from it for the duration of the term of the lease, license, etc. If the lease, license, etc. did not exist the general fund or permanent fund is entitled to receive the income before the conveyance and the fund is entitled to the income after the conveyance. The fund has the responsibility of management of the land upon conclusion of the term of the lease, license, etc. If the lease, license, etc. was entered into after selection, the fund has the responsibility for management on the date of conveyance.
	<b>AS 37.14.690</b> Public Finance Trust Funds Education Fund Customary and traditional uses to be continued	The fund will manage the land in a manner which permits customary and traditional uses of the resources of that land to the maximum extent possible.
	<b>AS 37.14.699</b> Public Finance Trust Funds Education Fund Definitions	"Board" means the Education Fund Board and "fund" means the education fund as established in the constitution by SJR 25.

# SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

## Sectional Analysis

Sec.	Statute	Description
2	AS 29.45.030(a) Municipal Government Municipal Taxation Municipal Property Tax Required exemptions	Property of the education fund is exempt from general taxation.
3	effective date	This act takes effect on the effective date of an amendment of the constitution by SJR25.

# 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

April 18, 2001

**SUBJECT:** Sectional Summary of SB 188 (education fund )

**TO:** Senator Jerry Ward  
Attn: Sandy

**FROM:** Michael F. Ford *M.F.*  
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.

Sec. 37.14.600 - Establishes the education fund as a separate fund of the state. Describes the principal of the fund and required the commissioner of revenue to determine the net income of the fund.

Sec. 37.14.610 - Establishes the commissioner of revenue as the treasurer of the education fund and establishes certain powers and duties.

Sec. 37.14.620 - Provides the fund is administered by a board and provides for the composition of the board.

Sec. 37.14.630 - Provides for the powers and duties of the board.

Sec. 37.14.640 - Requires that the principal of the fund be retained for investment and that net income of the fund may be annually appropriated for support of public schools and the University of Alaska.

Sec. 37.14.650 - Authorizes the board to select and receive conveyance of 5,000,000 acres of land conveyed to the state. Imposes limitations on the land that may be selected, requires that the transfer of ownership include certain interests, and provides that land selections must be made in parcels of 640 acres or larger, unless not in the best interest of the state. Requires the fund to bear costs of selection. Provides that the board may not make a land selection after December 31, 2012.

Sec. 37.14.660 - Provides for management and disposition of land selected by the board.

Sec. 37.14.670 - Provides that certain records of the board may be kept confidential.

Sec. 37.14.680 - Adds provisions relating to encumbrances and trespasses applicable to land selected by the board.

Sec. 37.14.680 - Requires the fund to manage land in a manner that permits customary and traditional uses of the resources to the maximum extent possible.

Senator Jerry Ward  
April 18, 2001  
Page 2

Sec. 37.14.699 - Definitions.

**Section 2.** Provides that property of the education fund is exempt from municipal taxation.

**Section 3.** Contingent effective date.

MFF:jhb  
01:056.jhb

**SB**

**192**

**SENATE COMMITTEE REPORT,  
First Committee of Referral**

DATE: 4/12/01

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 04/30/01

Health, Education and Social Services Committee considered

SENATE BILL NO. 192

"An Act relating to child care grants; and providing for an effective date."

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			

**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 Heide</i>	✓			
<i>Betty Davis</i>	✓			
<i>Jay Ward</i>	✓			
CHAIR: <i>Lyle Mer</i>	✓			

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 192  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title: Increase Child Care Grants  
Sponsor: Senator Pearce  
Requester: S HESS

Dept. Affected: Education & Early Development  
BRU: Early Development  
Component: Child Care Assistance & Licensing  
Component Number: 2424

**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	0.0	***	***	***	***	***
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		***	***	***	***	***
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</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 would allow the child care grant to exceed \$50 per month for each full-time equivalent child in care as adjusted on a geographic basis. Only licensed providers may participate in the child care grant program. This increase takes effect in FY03.

Currently, only 350 of the 579 licensed facilities participate in the child care grant program given the level of funding. If the number of licensed providers participating were to remain constant in FY03, the increase necessary to fund the \$50 adjusted base rate would be approximately \$1.5 million. The department believes that an increased base rate would provide incentives for more child care providers to become licensed and projects that the number of licensed providers participating in the program in FY03 may exceed 700. The annual cost to provide funding for that number would exceed \$11 million for an increase of \$9 million over current funding levels. The asterisk denotes that there will be an increase; however, the department is unable to determine an amount. The projected costs range from \$1.5 million to as high as \$9 million in FY03.

Prepared by: Mary Stovall, Administrative Manager  
Division: Division of Early Development  
Approved by: Yvonne Chase, Deputy Commissioner of Early Development  
Agency: Department of Education & Early Development

Phone (907) 269-4512  
Date/Time 4/30/01 12:00 AM  
Date 4/30/01

For distribution information, call the Governor's Legislative Office

## St. Vincent de Paul Society

8617 Teal Street  
Juneau, AK 99801  
(907) 789-5535  
Fax (907) 789-2557

April 27, 2001

Senator Drue Pearce  
Alaska State Legislature  
Juneau, Alaska

Dear Senator Pearce;

I am writing today in support of SB 192, your legislation to increase the level of funding for child care grants in our state.

The St. Vincent de Paul Society of Juneau has a mission to serve homeless and low-income families in our community. While there are many contributing factors and reasons that households find themselves in poverty, unemployment and especially UNDERemployment is the simplest to resolve.

For families with small children, affordable child care is the greatest need to fill before employment can even be considered. State child care grants assist many of the working poor to maintain their families and their dignity by making regular employment a viable option.

However, the truth is the child care grant program DOES NOT pay the cost of child care in a state licensed facility like ours. We are a non-profit that owns its own facility with a small child care center that serves 100% low-income families. Our center shares space and administrative costs with our entire operation and we strive to be as cost-effective as possible—we have to in order to survive. Even so, the current \$476/mo. reimbursement rate equals only about 56% of the real cost of one child's full-time (8 hrs. per day, 5 days per week) care. That is why most commercial day care centers only reserve a small fraction of their enrollment for recipients of child care grants.

*St. Vincent de Paul Society • Juneau, Alaska*

*The mission of the St. Vincent de Paul Society is to work for social justice for the family of southeast Alaska. We offer spiritual and material charity with respect for the dignity of all, regardless of race, religion or place of origin. We acknowledge that the true beneficiary of charity is the one who gives; we provide Vincentian volunteers with opportunity to serve the less fortunate.*



A simple Profit and Loss statement for a particular cost center easily documents the real cost of child care. More difficult to measure is the struggle every child care provider has to maintain a quality staff and an optimum ratio of teachers to children.

The real shame of inadequate support for child care is the inherent message we broadcast to professionals in the field, to our society, and finally to the children themselves—"caring for our children is a low-pay, low-status occupation that will never pay a livable wage."

Increasing the child care grant is one of the most important actions this legislature can take to help make a positive impact on the lives of the working poor and their young children.

Sincerely



Dan Austin, General Manager *and*  
*The Volunteers and Staff of St. Vincent de Paul*



*Petersburg Children's Center*  
Box 138  
Petersburg, AK 99833

April 26, 2001

Dear Senator Pearce,

I would like to give you my sincerest thanks for introducing the bill to increase the base amount of the Child Care Grant from \$33.00 to \$50.00. It would be of great benefit to our organization.

The Petersburg Children's Center is a private, non-profit community organization. We have been in operation for over 27 years serving the community of Petersburg, Mitkof Island and Kupreanof Island. Currently we are the only child care center in town and one of only two licensed providers, the other being a small in home daycare. Our center encompasses a nursery, a toddler room, two state certified preschool rooms and an afterschool program. We serve over 90 families annually.

As a non-profit it is a constant struggle to keep the balance between quality care and affordable prices. The most important component for quality care is quality staff. Finding and retaining quality staff is difficult at best. The wages are low, the job is demanding and we can't offer health benefits. Frequently, when we are able to hire educated, experienced staff they soon leave for jobs with higher pay and/or health benefits. Providing health insurance would be the single greatest action that would decrease our turnover, increasing the quality of care. The increase of the Child Care Grant paired with several changes we are making, such as reducing our food program costs and raising rates by 3%, would make offering health insurance a reality.

You have our complete support. If there is anything we can do to raise awareness or support to help pass this bill please let us know. Thank you for caring about the children.

Sincerely,

Jennifer Liskey, M.Ed.  
Director

*Alaska Association for the Education of Young Children*

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April 25, 2001

Senator Drue Pearce  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Pearce,

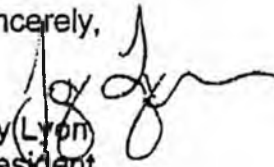
On behalf of our membership throughout the state, thank you for introducing SB 192, to allow an increase to the Child Care Grant for licensed child care programs. Licensed programs rely on the Child Care Grant to purchase materials, safety equipment and supplies to improve their learning environment, as well as increase the professional development and salaries of teachers and caregivers.

During FY '99, Alaska lost approximately 733 licensed child care spaces, at a time when parents moving from welfare into the workforce created an increase in demand. The Child Care Grant is the one financial support that provides an incentive for programs to be licensed and accept children on child care assistance subsidies.

An increase in the Child Care Grant will increase the availability and quality of care to children from low income families. These are the children who can benefit the most from high quality, active learning programs. Studies show that children who attend high quality care have higher cognitive and language skills on entering kindergarten, a higher rate of high school graduation, higher earnings, and half as many criminal arrests as adults.

Early learning programs are unable to charge the full cost of quality care, since few parents are able to afford it. Passage of SB 192 will assist programs in offering safe, enriched learning environments to enhance the success of young children in Alaska.

Sincerely,

  
Joy Lyon  
President

April 26, 2001

Subject: SB 192 - Child Care Grant

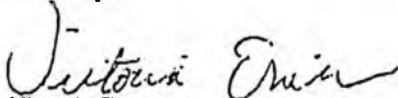
Please support SB 192, to allow an increase to this vital support for licensed childcare programs. Licensed programs rely on the Child Care Grant to purchase materials, safety equipment, and supplies to improve their learning environments.

During I:Y'99, Alaska lost approximately 733 licensed child care spaces, at a time when parents moving from welfare into the workforce created an increase in demand. The ChildCare Grant is the one financial support and incentive for programs to be licensed and accept children on Child care assistance subsidies.

An increase in the Child Care Grant will increase the availability and quality of care to children from low-income families. These are the children who can benefit most from high quality, active learning programs. Studies show that children who attend high quality care have higher cognitive and language skills on entering kindergarten, and half as many criminal arrests and higher earnings as adults.

Your support of SB 192 is a vote for the success of young children in Alaska.

Sincerely,



Victoria Erickson  
Nome, Alaska 99762



Subject : SB 192 – Child Care Grant

Please support SB 192, to allow an increase to this vital support for licensed child care programs. Licensed programs rely on the Child Care Grant to purchase materials, safety equipment, and supplies to improve their learning environments.

During FY'99 Alaska lost approximately 733 licensed child care spaces, at a time when parents moving from welfare into the workforce created an increase in demand. The Child Care Grant is the one financial support and incentive for programs to be licensed and accept children on child care assistance subsidies.

An increase in the Child Care Grant will increase the availability and quality of care to children from low income families. These are the children who can benefit most from high quality, active learning programs. Studies show that children who attend high quality care have higher cognitive and language skills on entering kindergarten, and half as many criminal arrests and higher earnings as adults.

Your support of SB 192 is a vote for the success of young children in Alaska.

Sincerely,

Bonnie Rogers  
Director  
Open Arms Child Development Center  
2980 Davis Rd  
Fairbanks, AK 99705

April 26, 2001

**Subject: SB 192 - Child Care Grant**

Please support SB 192, to allow an increase to this vital support for licensed child care programs. Licensed programs rely on the Child Care Grant to purchase materials, safety equipment, and supplies to improve their learning environments.

During FY'99, Alaska lost approximately 733 licensed child care spaces, at a time when parents moving from welfare into the workforce created an increase in demand. The Child Care Grant is the one financial support and incentive for programs to be licensed and accept children on child care assistance subsidies.

An increase in the Child Care Grant will increase the availability and quality of care to children from low income families. These are the children who can benefit most from high quality, active learning programs. Studies show that children who attend high quality care have higher cognitive and language skills on entering kindergarten, and half as many criminal arrests and higher earnings as adults.

Your support of SB 192 is a vote for the success of young children in Alaska.

Sincerely,

Juanita Frazier  
1702 Roberts Rd  
Fairbanks, AK 99709



**Subject:**  
**SB 192-**  
**Child Care Grant**

I am writing you to ask you to please support SB 192, to allow an increase vital support for licensed child care programs. We rely on the Child Care Grant to be able to purchase materials, safety equipment, and supplies to improve the learning environments for all children.

Your support would help ALL young children in Alaska!!!!

Sincerely Yours,  
Tara Koloski, Director  
Play N Learn Downtown  
1427 Gilliam Way, Fairbanks, AK 99701

-----  
Subject: SB 192

Date: Fri, 27 Apr 2001 22:21:11 -0800

From: "Catherine Helene Sullivan" <chs@alaska.net>

To: <Senator\_Drue\_Pearce@legis.state.ak.us>

Dear Senator Pearce,

Thank you for introducing SB 192 to increase the child care grant to \$50. Licensed programs rely on the Child Care Grant to purchase materials, safety equipment, and supplies to improve their learning environments. The Child Care Grant is the one financial support and incentive for programs to be licensed and accept children on child care assistance subsidies. Your support of SB 192 is a vote for the success of young children in Alaska.

Sincerely,

Catherine H. Sullivan, RN, MSN, CPNP

13530 Westwind Drive

Anchorage, AK 99519

# Alaska State Legislature

*During Interim: (June - Dec.)*  
716 West 4th Avenue, Suite 500  
Anchorage, Alaska 99501-2133  
(907) 269-0200  
Fax (907) 269-0204



*During Session: (Jan. - May)*  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4993  
Fax (907) 465-3872

## Senator Drue Pearce

### SPONSOR STATEMENT

#### SB 192: Child Care Grant Program

Senate Bill 192 will increase support to our child care facilities. SB 192 increases the grants that are awarded to childcare facilities for quality measures under the Child Care Grant Program.

The Child Care Grant Program is a state funded program that provides grants to licensed child care centers and homes for the benefit of the facility and the children. Child care facilities rely on these grants to pay for additional or better qualified staff and to purchase equipment to improve the health, safety and learning environment for children. Grants are used for staff salaries, benefits or substitute staff, goods or services relating to the health, nutrition, and safety of children in care, age appropriate equipment, and supplies and activities for the children.

The statutory maximum for child care grants is \$50.00 per month per child. Senate Bill 192 increases the base rate for the Child Care Grant Program from \$33.00 to \$50.00 per child per month and removes the \$50.00 limit.

Senate Bill 192 will benefit our children by providing the necessary resources for healthy and safe environments.

# Alaska State Legislature

*During Interim: (June - Dec.)*  
716 West 4th Avenue, Suite 500  
Anchorage, Alaska 99501-2133  
(907) 269-0200  
Fax (907) 269-0204


*During Session: (Jan. - May)*  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4993  
Fax (907) 465-3872

**Senator Drue Pearce**

## MEMORANDUM

Date: April 24, 2001

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

From: Senator Drue Pearce 

Re: Hearing Request for Senate Bill 192

---

I respectfully request a hearing for Senate Bill 192 in the Senate HESS Committee. Senate Bill 192 will increase support to our child care facilities by increasing the base rate for the child care grants to \$50.00 per child per month and by removing the \$50.00 statutory limit.

*Alaska Association for the Education of Young Children*

---

April 25, 2001

Senator Drue Pearce  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Pearce,

On behalf of our membership throughout the state, thank you for introducing SB 192, to allow an increase to the Child Care Grant for licensed child care programs. Licensed programs rely on the Child Care Grant to purchase materials, safety equipment and supplies to improve their learning environment, as well as increase the professional development and salaries of teachers and caregivers.

During FY '99, Alaska lost approximately 733 licensed child care spaces, at a time when parents moving from welfare into the workforce created an increase in demand. The Child Care Grant is the one financial support that provides an incentive for programs to be licensed and accept children on child care assistance subsidies.

An increase in the Child Care Grant will increase the availability and quality of care to children from low income families. These are the children who can benefit the most from high quality, active learning programs. Studies show that children who attend high quality care have higher cognitive and language skills on entering kindergarten, a higher rate of high school graduation, higher earnings, and half as many criminal arrests as adults.

Early learning programs are unable to charge the full cost of quality care, since few parents are able to afford it. Passage of SB 192 will assist programs in offering safe, enriched learning environments to enhance the success of young children in Alaska.

Sincerely,

Joy Lyon  
President

# Alaska State Legislature

*During Interim: (June - Dec.)*  
716 West 4th Avenue, Suite 500  
Anchorage, Alaska 99501-2133  
(907) 269-0200  
Fax (907) 269-0204

*During Session: (Jan. - May)*  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4993  
Fax (907) 465-3872

## Senator Drue Pearce

### SPONSOR STATEMENT

#### SB 192: Child Care Grant Program

Senate Bill 192 will increase support to our child care facilities. SB 192 increases the grants that are awarded to childcare facilities for training and professional development resources under the Child Care Grant Program.

The Child Care Grant Program is a state funded program that provides grants to licensed child care centers and homes for the benefit of the facility and the children. Child care facilities rely on these grants to pay for additional or better qualified staff and to purchase equipment to improve the health, safety and learning environment for children. Grants are used for staff salaries, benefits or substitute staff, goods or services relating to the health, nutrition, and safety of children in care, age appropriate equipment, and supplies and activities for the children.

The statutory maximum for child care grants is \$50.00 per month per child. Senate Bill 192 increases the base rate for the Child Care Grant Program from \$33.00 to \$50.00 per child per month and removes the \$50.00 limit.

Senate Bill 192 will benefit our children by providing the necessary resources for healthy and safe environments.



**SB**

**1988**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: April 20, 2001

FURTHER: Finance

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

DATE TURNED  
IN TO OFFICE: 04/24/01

Health, Education and Social Services Committee considered SENATE BILL NO. 198

"An Act establishing the Statewide Suicide Prevention Council; and providing for an effective date."

and recommends:

- be replaced with CS SB 198 (HES)
- 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#
Health & Social Services	4/24/01	x		1

**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>Loren A. Simon</i>	✓		<i>Finance</i>	<i>Cute need to take a fiscal Note</i>
<i>Gary White</i>	G#		<i>close</i>	<i>look at</i>
<i>Betty Dammitt</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

# ALASKA STATE LEGISLATURE

Senator Rick Halford

*President of the Senate*

*While in Session:*  
State Capitol  
Juneau, AK 99801-1182  
907-465-4958

*While in Interim:*  
P.O. Box 670190  
Chugiak, AK 99567  
907-694-4958

## Senate Bill 198

### Statewide Suicide Prevention Council

*"The greatest gift we can give is the gift of life."*

Suicide is preventable.

It is devastating to lose someone to suicide at any age, but it is especially tragic to lose a young person who has so much to live for. Suicide is a final cry of despair, and we need to hear that cry.

In 1999, the United States Surgeon General issued "A Call to Action" to prevent suicide. The report made 15 recommendations categorized in the areas of awareness, intervention and methodology. Hearing the cries and responding, Senate Bill 198 is another step in answering both the states and the national call to action.

SB 198 will establish a statewide suicide prevention council made up of fourteen private and public members representing rural and urban Alaska. Two members from both the House and Senate would sit on the council. The governor would appoint ten members, including experts in substance abuse and mental health, as well as people who have been directly impacted by suicide, and who work with youth across the state.

Suicide is an on-going epidemic in many parts of the state --- especially rural Alaska and the Matanuska-Susitna Valley --- and the numbers are at an all-time high. This is heart breaking. We all must work together to reduce the toll suicide is having on the people of our state.

The council will focus on finding ways to reduce suicide rates, broaden public awareness of the suicide warning signs, and enhance suicide prevention services and programs throughout the state. Each March the council will submit a report to the Legislature and the governor with its findings and recommendations.

A prior effort to study suicide in Alaska was initiated over twelve years ago when Senator Willie Henslev brought the issue to the forefront. The lives of Alaskans are still at risk.

Establishing this suicide prevention council has bi-partisan support in the Senate. I sincerely urge all members of the committee to join me in supporting SB 198 by offering a hand of support and lifting them from despair.

*"Hope - the major weapon against the suicide impulse." Karl Menninger*

*Received via email on 4/23/01*

Dear Senator Halford:

I am writing to express my support for SB 198, creating a state suicide prevention council. I think I speak for many people in the Yukon-Koyukuk region when I express my gratitude for your attention to the issue of suicide. Since I became the Director of Yukon Koyukuk Mental Health here in Galena, I have seen how the suicide of one young person devastates hundreds of friends, associates, and loved ones. The people here want badly for the dying to stop. Supporting them with a council and a coordinator is a good idea.

I favor creating a suicide prevention council, but I believe it will be very important to ensure that the areas and people who are losing loved ones to suicide have the greatest say on the council. I worked in Anchorage for years and know first-hand that urban folks have a hard time understanding how things work in the Bush. Although suicide is not just a rural, Native problem, our people out here are disproportionately represented in the suicide statistics. They must be allowed to speak and plan for themselves. I also hope to see a statewide suicide prevention plan and a funded coordinator position to carry out those plans.

Again, I support your bill and hope to see our state move forward in addressing this difficult problem.

Sincerely,  
Diana Weber, MS  
Director, Yukon Koyukuk Mental Health Program

550 W. 7<sup>th</sup> Avenue, Suite 1820  
Anchorage, AK 39501  
Main line: (907) 269-7960  
FAX: (907) 269-7965

*The* TRUST

The Alaska Mental Health Trust Authority

April 17, 2001

Senator Rick Halford  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Halford:

**Subject: Support for Suicide Prevention Council**

This letter is to acknowledge the Trust's appreciation for your efforts at addressing the problem of Alaska's high suicide rate by establishing a statewide Suicide Prevention Council, and to confirm the Trust's commitment regarding funds for this initiative.

For FY02, the Trust is willing to match \$125,000 in MHTAAR with \$125,000 GF/MH to establish the Council and facilitate its work.

Trustees look forward to working with the Council and appreciate your willingness to support this important effort.

Sincerely,



Jeff Jessee  
Executive Director

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 198  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
Title: Statewide Suicide Prevention Council BRU: Administrative Services  
Component: Commissioner's Office  
Sponsor: Senator Halford et al  
Requester: Senate (HES) Component Number: 317

**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	139.2	143.4	147.7	152.1	156.7	161.4
Travel	115.0	115.5	116.0	116.5	117.0	117.5
Contractual	84.8	90.1	85.3	80.4	75.3	70.1
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	10.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	175.0	175.0	175.0	175.0	175.0	175.0
1092 MHTAAR	175.0	175.0	175.0	175.0	175.0	175.0
<b>TOTAL</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</b>	<b>350.0</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	2	2	2	2	2	2
Part-time						
Temporary						

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

This bill establishes a 14-member Suicide Prevention Council. The Council's operating costs would include the salaries for a partially exempt Executive Director and administrative assistant (coordinator), office space, travel and per diem costs for the Council to meet twice a year and monthly by teleconference. *Note that travel costs for state employee Council members would be absorbed by their home agencies' budgets.* The balance of the available budget would be applied towards contracts for Suicide Prevention statewide programs and public awareness campaigns, and the completion of an annual report. See attached cost detail.

Prepared by: Sarah Brinkley, Administrative Manager Phone 465-3167  
Division: DMHDD Date/Time 4/23/01 12:45 PM  
Approved by: Elmer A. Lindstrom, Special Assistant Date 4/23/01 12:45 PM  
Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

**FY02 cost detail:**

\$91.5 r26 partially exempt Executive Director  
\$47.7 r15 partially exempt Admin. Assistant/coordinator  
\$115.0 meetings of the full Council  
\$15.0 625 sq ft office space for Exec Dir and Administrator  
\$ 8.0 monthly Meet Me teleconferences for the full Council  
\$ 5.0 contract for annual report  
\$56.8 contracts for statewide suicide prevention planning  
\$ 1.0 office supplies for two  
\$10.0 computers and office furnishings for two

**\$350.0 FY02 total**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: April 20, 2001

FURTHER: Finance

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

DATE TURNED  
IN TO OFFICE: 04/24/01

Health, Education and Social Services Committee considered **SENATE BILL NO. 198**

"An Act establishing the Statewide Suicide Prevention Council; and providing for an effective date."

and recommends:

- be replaced with CS SB 198 (HES)
- 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#
Health & Social Services	4/24/01	x		1

**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>Loren A. Simon</i>	✓		Finance	Quite need to take a close look at fiscal note
<i>Gary White</i>	✓			
<i>Betty Dawn</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			



**ALASKA STATE LEGISLATURE**  
**Senator Rick Halford**  
*President of the Senate*

*While in Session:*  
State Capitol  
Juneau, AK 99801-1182  
907-465-4958

*While in Interim:*  
P.O. Box 670190  
Chugiak, AK 99567  
907-694-4958

**Senate Bill 198**  
**Statewide Suicide Prevention Council**  
*"The greatest gift we can give is the gift of life."*

Suicide is preventable.

It is devastating to lose someone to suicide at any age, but it is especially tragic to lose a young person who has so much to live for. Suicide is a final cry of despair, and we need to hear that cry.

In 1999, the United States Surgeon General issued "A Call to Action" to prevent suicide. The report made 15 recommendations categorized in the areas of awareness, intervention and methodology. Hearing the cries and responding, Senate Bill 198 is another step in answering both the states and the national call to action.

SB 198 will establish a statewide suicide prevention council made up of fourteen private and public members representing rural and urban Alaska. Two members from both the House and Senate would sit on the council. The governor would appoint ten members, including experts in substance abuse and mental health, as well as people who have been directly impacted by suicide, and who work with youth across the state.

Suicide is an on-going epidemic in many parts of the state --- especially rural Alaska and the Matanuska-Susitna Valley --- and the numbers are at an all-time high. This is heart breaking. We all must work together to reduce the toll suicide is having on the people of our state.

The council will focus on finding ways to reduce suicide rates, broaden public awareness of the suicide warning signs, and enhance suicide prevention services and programs throughout the state. Each March the council will submit a report to the Legislature and the governor with its findings and recommendations.

A prior effort to study suicide in Alaska was initiated over twelve years ago when Senator Willie Hensley brought the issue to the forefront. The lives of Alaskans are still at risk.

Establishing this suicide prevention council has bi-partisan support in the Senate. I sincerely urge all members of the committee to join me in supporting SB 198 by offering a hand of support and lifting them from despair.

*"Hope - the major weapon against the suicide impulse." Karl Menninger*

*Received via email on 4/23/01*

Dear Senator Halford:

I am writing to express my support for SB 198, creating a state suicide prevention council. I think I speak for many people in the Yukon-Koyukuk region when I express my gratitude for your attention to the issue of suicide. Since I became the Director of Yukon Koyukuk Mental Health here in Galena, I have seen how the suicide of one young person devastates hundreds of friends, associates, and loved ones. The people here want badly for the dying to stop. Supporting them with a council and a coordinator is a good idea.

I favor creating a suicide prevention council, but I believe it will be very important to ensure that the areas and people who are losing loved ones to suicide have the greatest say on the council. I worked in Anchorage for years and know first-hand that urban folks have a hard time understanding how things work in the Bush. Although suicide is not just a rural, Native problem, our people out here are disproportionately represented in the suicide statistics. They must be allowed to speak and plan for themselves. I also hope to see a statewide suicide prevention plan and a funded coordinator position to carry out those plans.

Again, I support your bill and hope to see our state move forward in addressing this difficult problem.

Sincerely,  
Diana Weber, MS  
Director, Yukon Koyukuk Mental Health Program

550 W. 7<sup>th</sup> Avenue, Suite 1820  
Anchorage, AK 99501  
Main line: (907) 269-7960  
FAX: (907) 269-7966



The Alaska Mental Health Trust Authority

April 17, 2001

Senator Rick Halford  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Halford:

**Subject: Support for Suicide Prevention Council**

This letter is to acknowledge the Trust's appreciation for your efforts at addressing the problem of Alaska's high suicide rate by establishing a statewide Suicide Prevention Council, and to confirm the Trust's commitment regarding funds for this initiative.

For FY02, the Trust is willing to match \$125,000 in MHTAAR with \$125,000 GF/MH to establish the Council and facilitate its work.

Trustees look forward to working with the Council and appreciate your willingness to support this important effort.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Jessee".

Jeff Jessee  
Executive Director

# ALASKA STATE LEGISLATURE



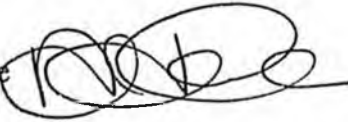
*Interim:*

600 East Railroad Avenue  
Wasilla, Alaska 99654  
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(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: April 24, 2001

Subject: SB 198 Statewide Suicide Prevention Council

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Please find attached a copy of CS SB 198 (HES), which has incorporated the conceptual amendments passed out of Senate HESS yesterday.

In an effort to have the bill read across the floor today, I was not able to have a work draft prepared for the committee's approval. This bill will be in Senate Finance next.

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