

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11000 HOUSE RULES

AMENDMENT #2

OFFERED IN THE HOUSE  
TO: HJR 102

BY REPRESENTATIVE GARA

1 Page 2, line 3, following "year.":

2 Insert "An appropriation from the fund shall be made for each fiscal year to be used  
3 for a program of dividend payments to State residents established by law. The amount  
4 appropriated for the dividend program shall equal the lesser of

5 (1) seventy percent of the amount that may be appropriated from the  
6 fund under this subsection or the amount that would have been used for the dividend  
7 program under AS 37.13.140 and 37.13.145, as those statutes read on January 1, 2004,  
8 whichever is greater; or

9 (2) the entire amount that may be appropriated from the fund under  
10 this subsection."

2 yes  
5 no

11  
12 Page 2, lines 8 - 9:

13 Delete all material.

14

15 Page 2, line 10:

16 Delete "(2)"

17 Insert "(1)"

18 Delete "forty-five"

19 Insert "ninety"

20

21 Page 2, line 11:

22 Delete "(3)"

23 Insert "(2)"

page 2 line 12 insert "(3) the remainder  
may be made available for public services  
authorized by law."

page 2 line 10, delete "and", insert "and"  
after percent at page 2 line 11, and delete."

1 Delete "five"  
2 Insert "ten"  
3

4 Page 2, lines 12 - 17:  
5 Delete all material.  
6

7 Page 2, line 27:  
8 Delete "Sections 15(c) and (d)"  
9 Insert "Section 15(c)"

AMENDMENT # 3

OFFERED IN THE HOUSE  
TO: HJR 102

BY REPRESENTATIVE GARA

1 Page 2, line 3, following "year.":

2       Insert "Except for appropriations for a program of dividend payments for residents of  
3 the State established by law, no appropriations shall be made from the fund for a fiscal year  
4 unless, during that fiscal year, the amount of State funding for operation of elementary and  
5 secondary public schools is increased by at least the amount necessary to offset inflation,  
6 based upon increases during the second preceding calendar year in consumer prices for most  
7 State residents."

8

9 Page 2, line 17, following ".":

10       Insert "However, no appropriations shall be made under (c) of this section unless those  
11 appropriations are permitted to be made under (b) of this section."

*Withdraws*

AMENDMENT # 4

OFFERED IN THE HOUSE

BY REPRESENTATIVE SAMUELS

TO: HJR 102

1 Page 1, line 3:

2 Delete "and relating to permanent fund dividend payments"

3 Insert ", relating to permanent fund dividend payments, and limiting state taxes  
4 on the incomes of individuals"

5

6 Page 2, following line 17:

7 Insert a new subsection to read:

8 "(e) The State may not levy or collect a tax for a year on the income of an  
9 individual in an amount that exceeds the amount of the dividend for that same year  
10 paid to a resident as the result of appropriations made under (c)(1) and (d) of this  
11 section."

12

13 Page 2, line 27:

14 Delete "and (d)"

15 Insert "(d), and (e)"

*withdrawn*

HJR

103

**COMPARISON OF LANGUAGE FOR HJR 9 AND HJR 103**  
**House Rules Committee Worksheet**

**Page 2, Line 28:**

HJR 9:

(6) an appropriation required to pay obligations under revenue or general obligations under revenue or general obligation bonds issued by the State or a lease debt by the State;

HJR 103:

(6) an appropriation required to pay obligations under revenue or general obligation bonds issued by the State or payments owed by the State under a capital lease;

**Page 3, Line 9:**

HJR 9:

(11) an appropriation of money received as tuition, fees, contract receipts, or from other sources apart from the general fund by the University of Alaska;

HJR 103 (page 3, line 8):

(11) an appropriation of money from tuition of the University of Alaska;

**Page 3, Line 19:**

HJR 9:

(15) an appropriation made under (c) of this section.

HJR 103:

Deletes language excluded appropriations that exceed limits but are approved by two-thirds and three-fourths votes.

**Page 3, Line 27:**

**HJR 9:**

- (1) fiscal year 2004 equals \$3,150,000,000
- (2) fiscal year 2005 equals \$3,250,000,000

**HJR 103:**

- (1) fiscal year 2004 equals \$3,300,000,000
- (2) fiscal year 2005 equals \$3,400,000,000

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-9500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

June 21, 2004

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution relating to an appropriation or "spending" limit. This resolution gives voters the chance to directly voice their opinion on a spending limit at the ballot box. A spending limit is an integral part of the transition to a long-range fiscal plan for Alaska.

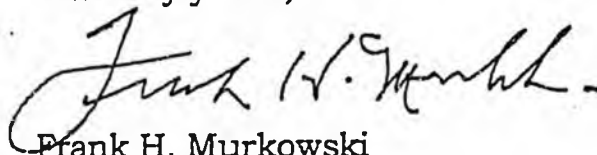
I have used as a model for this resolution the final Senate version of House Joint Resolution 9 (HJR 9), which was rejected by the Senate during the last regular session of the Legislature (SCS CS HJR 9(FIN)(fld S)). This joint resolution differs from SCS CS HJR 9(FIN)(fld S) in that it contains some technical changes that were recommended by the Department of Law. In the list of appropriations excluded from the appropriation limit, references to "state lease debt" have been changed to "capital leases" to more accurately reflect the description of these obligations in governmental accounting. Other technical language changes were made to more clearly provide that the "excluded" appropriations are to be excluded from the appropriation limit itself as well as from calculation of the appropriation limit.

The resolution presents the public with the opportunity to approve a spending limit with "teeth" in it. If approved by the Legislature and passed by the voters, it will control government spending. A leaner and more efficient state government will be produced. Passage of the resolution sends the signal the Legislature has heard the public's message and will allow Alaskans to vote on the issue.

The Honorable Gene Therriault  
June 21, 2004  
Page 2

I urge your prompt and favorable action on this resolution.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Frank H. Murkowski". The signature is written in a cursive style with a long horizontal stroke at the end.

Frank H. Murkowski  
Governor

Enclosure

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

June 21, 2004

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution relating to an appropriation or "spending" limit. This resolution gives voters the chance to directly voice their opinion on a spending limit at the ballot box. A spending limit is an integral part of the transition to a long-range fiscal plan for Alaska.

The model for this resolution is the version of Committee Substitute House Joint Resolution 9 (CS HJR 9) as it passed the House in the regular session (CS HJR 9(FIN) am). There are some technical changes, which were recommended by the Department of Law. Specifically, in the list of appropriations excluded from the appropriation limit, references to "state lease debt" have been changed to "capital leases" to more accurately reflect the description of these obligations in governmental accounting. Other technical changes were made to more clearly provide that the "excluded" appropriations are to be excluded from the appropriation limit itself as well as from calculation of the appropriation limit.

The resolution presents the public with the opportunity to approve a spending limit with enough "teeth" in it to be effective. If approved by the Legislature and passed by the voters, it will prevent government spending from growing too large, too fast. Alaskans want spending controlled to produce a leaner, more efficient, effective state government. Passage of the resolution sends the signal the Legislature has heard the message and will allow Alaskans to vote on the issue.

I urge your prompt and favorable action on this resolution.

Sincerely yours,

A handwritten signature in black ink that reads "Frank H. Murkowski".

Frank H. Murkowski  
Governor

Enclosure





# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HJR 103  
 (H) Publish Date: 6/22/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: GOV  
 Title Constitutional amendment relating RDU Elections  
 to spending limits. Component Elections  
 Sponsor Rules  
 Requester Governor Component No. 21

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.5</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>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>1.5</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 (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Lauri Allred  
 Division: Division of Elections  
 Approved by: Laura A. Glaiser, Director  
 Agency: Office of the Lt. Governor, Division of Elections

Phone 465-5347  
 Date/Time 6/7/04 2:46 PM  
 Date 6/7/2004

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## Spending Limit – Proposal to the House Based on CSHJR 9 (FIN) am

### Sectional Analysis

#### Section 1. Article IX, Appropriation Limit

Repeals and replaces the existing Appropriation Limit in Article IX, Section 16 of the Alaska Constitution with the following:

(a) Establishes a moving three-year average as the base for the application of the limit. The intent is to smooth out year-to-year variations to provide a more predictable limit for long-range planning.

The base is tied to actual appropriations, which are generally available two years prior to the fiscal year being considered. Thus the moving average is based on the earliest three of the previous four fiscal years. Each year's limit is computed separately from the previous year limit.

(1) The rate of allowable annual change in the limit is determined by adding the two variables (inflation plus population growth) multiplied by 0.75.

(A) Establishes the average of the Anchorage Consumer Price Index (CPI) as one of the variables for determining the annual change in the spending. Like the base, the CPI used is a three-year average derived from the calendar years corresponding to the fiscal years upon which the base is determined.

(B) Sets the second variable in calculating the change in the spending limit as the average rate of annual population change for the same calendar years as the CPI variable.

(2) Further restricts the rate of allowable change in the limit to be not more than annual growth in personal incomes of state residents.

(b) Provides that the Legislature will implement by law the limit's calculation stipulated in (a).

(c) Allows the limit to be exceeded by:

- Up to two percent through an affirmative vote of two thirds of the members of each house of the legislature; and
- Up to four percent with a three-fourths vote.

- (d) Allows certain appropriations to remain exempt from the base limit calculation:
- (1) appropriations to the Permanent Fund
  - (2) appropriations of Permanent Fund dividends
  - (3) appropriations for a natural disaster declared by the Governor
  - (4) duplicated expenditures
  - (5) GO and revenue bond proceeds and capital lease financing proceeds
  - (6) GO and revenue bond debt service and capital lease finance obligations
  - (7) federal funds
  - (8) reappropriations
  - (9) reimbursable services agreements and interagency transfers
  - (10) monies held in trust
  - (11) University of Alaska tuition receipts
  - (12) gifts, grants, bequests or contracts
  - (13) deposits to the CBR and reverse sweep of GF accounts
  - (14) dedicated funds
- (e) Excludes from the limit's calculation the amount by which the limit was overridden by a supermajority of the legislature as provided in Section 1, Subsection 2 (c) above.

**Section 2. Amends Article XV. Schedule of Transitional Measures.**

- (a) Specifies that the constitutional limit first applies to FY 2006 appropriations and establishes artificial base year limits of \$3.3 billion in FY 04 and \$3.4 billion in FY 05 to feed into the 3 year average for purposes of calculating the FY 06 appropriation limit.
- (b) Sets a July 1, 2009 sunset date for the amendment.

**Section 3.**

Provides for the amendment to go before voters in the 2004 general election.

**Spending Limit – Proposal to the Senate  
Based on SCS CSHJR 9 (FIN) (fld S)**

**Sectional Analysis**

**Section 1. Article IX. Appropriation Limit**

Repeals and replaces the existing Appropriation Limit in Article IX, Section 16 of the Alaska Constitution with the following:

- (a) Establishes a moving three-year average as the base for the application of the limit. The intent is to smooth out year-to-year variations to provide a more predictable limit for long-range planning.

The base is tied to actual appropriations, which are generally available two years prior to the fiscal year being considered. Thus the moving average is based on the earliest three of the previous four fiscal years. Each year's limit is computed separately from the previous year limit.

- (1) The rate of allowable annual change in the limit is determined by adding the two variables (inflation plus population growth) multiplied by 0.75.

(A) Establishes the average of the Anchorage Consumer Price Index (CPI) as one of the variables for determining the annual change in the spending. Like the base, the CPI used is a three-year average derived from the calendar years corresponding to the fiscal years upon which the base is determined.

(B) Sets the second variable in calculating the change in the spending limit as the average rate of annual population change for the same calendar years as the CPI variable.

- (2) Further restricts the rate of allowable change in the limit to be not more than annual growth in personal incomes of state residents.

- (b) Provides that the Legislature will implement by law the limit's calculation stipulated in (a).

*Provides a "no ratchet-down" clause that stipulates if the calculated appropriation limit is less than the previous years' appropriation level, the default limit will be the previous year's appropriation level.*

- (c) Allows the limit to be exceeded by:
  - Up to two percent through an affirmative vote of two thirds of the members of each house of the legislature; and
  - Up to four percent with a three-fourths vote.
  
- (d) Allows certain appropriations to remain exempt from the base limit calculation:
  - (1) appropriations to the Permanent Fund
  - (2) appropriations of Permanent Fund dividends
  - (3) appropriations for a natural disaster declared by the Governor
  - (4) duplicated expenditures
  - (5) GO and revenue bond proceeds and capital lease financing proceeds
  - (6) GO and revenue bond debt service and *capital lease finance* obligations
  - (7) federal funds
  - (8) reappropriations
  - (9) reimbursable services agreements and interagency transfers
  - (10) monies held in trust
  - (11) University of Alaska tuition receipts, *fees, contract receipts, or other non-General Fund sources*
  - (12) gifts, grants, bequests or contracts
  - (13) deposits to the CBR and reverse sweep of GF accounts
  - (14) dedicated funds
  
- (e) Excludes from the limit's calculation the amount by which the limit was overridden by a supermajority of the legislature as provided in Section 1, Subsection 2 (c) above.

**Section 2. Amends Article XV. Schedule of Transitional Measures.**

(a) Specifies that the constitutional limit first applies to FY 2006 appropriations and establishes artificial base year limits of \$3.15 billion in FY 04 and \$3.25 billion in FY 05 to feed into the 3 year average for purposes of calculating the FY 06 appropriation limit.

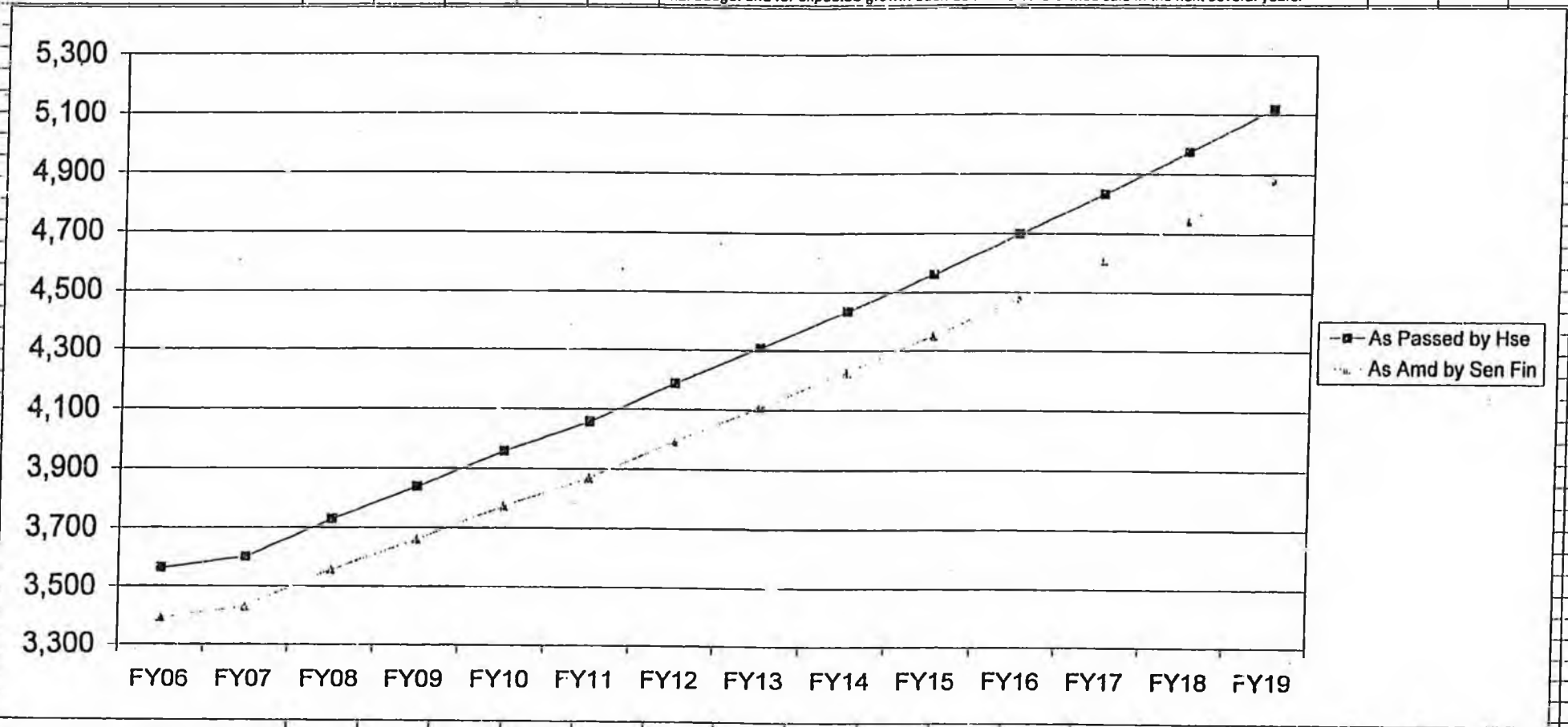
(b) Sets a July 1, 2009 sunset date for the amendment.

**Section 3.**

Provides for the amendment to go before voters in the 2004 general election.

Variables:		Spending Limit Comparison (As passed by House and amended by Sen Fin)																	
Inflation	3.0%																		
Population	1.0%																		
	4.0%																		
	9.0%																		
CS HJR 9 (FIN) am (as passed by House)		FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
annual growth		3,297	3,213	3,300	3,400	3,564	3,602	3,729	3,839	3,959	4,058	4,188	4,308	4,435	4,561	4,698	4,834	4,976	5,121
annual % change					3,038	164	37	128	110	120	100	130	120	127	127	137	136	142	145
					362		1.05%	3.54%	2.94%	3.12%	2.52%	3.20%	2.85%	2.94%	2.86%	3.00%	2.89%	2.93%	2.91%
CS HJR 9 (FIN) am (as amended by Sen Fin)		FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
annual growth		3,143	3,046	3,150	3,250	3,393	3,432	3,558	3,661	3,773	3,870	3,994	4,107	4,228	4,349	4,479	4,608	4,744	4,882
annual % change					2,861	143	39	126	102	112	97	124	113	121	121	130	129	135	138
					389		1.14%	3.68%	2.88%	3.06%	2.58%	3.20%	2.83%	2.95%	2.87%	2.99%	2.88%	2.94%	2.92%

FY05 Conference Committee numbers after exemptions. The difference (\$362 or \$389) is to allow for all circumstances that may arise in the FY05 final budget and for expected growth such as PERS/TRS & medicaid in the next several years.



AMENDMENT # 1A

OFFERED IN THE HOUSE  
TO: HJR 103

BY REPRESENTATIVE GARA

- 1 Page 1, lines 9 - 10:  
2 Delete "the lesser of  
3 (1) seventy-five percent of"  
4  
5 Page 1, line 11:  
6 Delete "(A)"  
7 Insert "(1)"  
8  
9 Page 1, line 14:  
10 Delete "(B)"  
11 Insert "(2)"  
12  
13 Page 2, line 1:  
14 Delete "; or"  
15 Insert "."  
16  
17 Page 2, lines 2 - 4:  
18 Delete all material.  
19  
20 Page 3, line 16:  
21 Delete "."  
22 Insert ";"  
23

24  
5r

Amendment # 1 B

1 Page 3, following line 16:

2 Insert a new paragraph to read:

3 "(15) that portion of an appropriation for elementary or secondary  
4 public school operations that exceeds the amount appropriated for the immediately  
5 preceding fiscal year for elementary or secondary public school operations."

3 4 McGuire  
4 n.

Gruenberg moved to divide

Logic:  
Inflation has caused education funding to  
be underfunded by \$50 million until this year.

23-GH2167/A.1  
Cook  
6/22/04

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MCGUIRE

TO: HJR 103

1 Page 1, line 1:

2 Delete "amendments"

3 Insert "an amendment"

4

5 Page 1, line 6, through page 3, line 29:

6 Delete all material and insert:

7 "Section 16. Appropriation Limit. Appropriations for a fiscal year shall not  
8 exceed the amount available for appropriation during that fiscal year. The following  
9 are excluded from this section:

10 (1) amounts in or transferred from the permanent fund that are  
11 available for appropriation or are appropriated; and

12 (2) amounts in the budget reserve fund or appropriated from the fund  
13 under Section 17 of this article."

14

15 Page 3, line 30:

16 Delete "amendments"

17 Insert "amendment"

*Not offered*

23-LS2032A  
Cook  
6/17/04

*Amendment #2*

**HOUSE JOINT RESOLUTION NO.**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SPECIAL SESSION**

**BY REPRESENTATIVE BERKOWITZ *Gara & Gruenberg***

**Introduced:  
Referred:**

**A RESOLUTION**

1 **Proposing an amendment to the Constitution of the State of Alaska relating to an**  
2 **appropriation limit.**

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

4 **\* Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is repealed and  
5 readopted to read:

6 **Section 16. Appropriation Limit.** General fund appropriations by the  
7 legislature shall not exceed anticipated revenue.

8 **\* Sec. 2.** The amendment proposed by this resolution shall be placed before the voters of  
9 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the  
10 State of Alaska, and the election laws of the state.

*24  
5A*

ing philosophies concerning the propriety of making cash payments directly to residents, which this section

NOTES TO DECISIONS

Expectancy is not a financial interest. — In a suit in federal court seeking injunctive relief barring state trial judges and jurors from deciding a dispute over royalties allegedly due from a plaintiff corporation to the state for oil drilled on state land, where the plaintiff contended that its counterclaims in the royalty litigation might conceivably affect the quantity of money in Alaska's Permanent Fund, and where the United States District Court Judges for this District of Alaska received dividends, as do all resident Alaska judges, refusal of the judge was not warranted because the expectancy a citizen has in receiving Per-

manent Fund dividends is not a financial interest is subject to legislative whim. Exxon Corp., 792 F. Supp. 72 (D. Alaska 1992)

Quoted in Williams v. Zobel, 619 P.2d 422 (Alaska 1980); Alaska Oil Co. v. Alaska, 45 Bankr. 856 (Alaska 1985); State v. Anthony, 810 P.2d 155 (Alaska 1991); State, Dep't of Revenue v. Cosio, 858 P.2d 62 (Alaska 1993). Stated in Zobel v. Williams, 457 U.S. 55, 102 S. 2309, 72 L. Ed. 2d 672 (1982). Cited in United States v. Pleier, 849 F. Supp. (D. Alaska 1994).

Section 16. Appropriation Limit. Except for appropriations for Alaska permanent fund dividends, appropriations of revenue, bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

Effective dates. — This section took effect December 24, 1982 (12th Legislature's FSS FCCSSJR 4 1981).

Opinions of attorney general. — This section imposes an appropriation limit rather than a spending limit. The legislature may make appropriations which exceed available revenues, but obligations may not be paid under those appropriations unless there is enough surplus money available in the treasury. 1983 Op. Att'y Gen. No. 01.

There is history which supports a liberal interpretation of the term "capital project" as used in this section. 1983 Op. Att'y Gen. No. 01.

If the legislature enacts any other distribution program which is consistent with the intent of the permanent fund dividend law (AS 43.23), any appropriation to implement that program will be exempt from the appropriation limit of this section. 1983 Op. Att'y Gen. No. 01.

If the legislature provides that an appropriation may not be expended until a later fiscal year, the

appropriation should be counted only against the limit for that later fiscal year. 1983 Op. Att'y Gen. No. 01.

The one-third appropriation allocation reserved for capital projects and loan appropriations may be disregarded when economic conditions impose a total appropriation limit which is more restrictive than that set out in this section. 1983 Op. Att'y Gen. No. 01. Appropriations that are available for expenditure in a fiscal year should be counted only against the appropriation limit of this section for the first fiscal year during which they could be completely expended. This should be done even if an unexpended balance is carried forward into the next fiscal year; that balance must be considered obligated for the purposes of the appropriation limit. 1983 Op. Att'y Gen. No. 01.

Appropriations to retire municipal general obligation, school bond indebtedness under AS 14.11 are "required" and qualify as an exception to the spending limit of this section. 1983 Op. Att'y Gen. No. 01.

Section 17. Budget Reserve Fund. (a) There is established as a separate fund

the State treasury the bi permanent fund under Sec July 1, 1990, as a result administrative proceeding lease bonuses, rentals, royalties or bonuses, or property, shall be deposited shall be invested so as to shall be retained in the fund the fund under this subse authorized under (b) or (c). (b) If the amount available appropriated for the previous reserve fund. However, the may not exceed the amount appropriation, to provide for made in the previous calendar (c) An appropriation from upon affirmative vote of the (d) If an appropriation is appropriated is repaid, the ation at the end of each such fund. The legislature shall i

Effective date. — This section is January 2, 1991 (16th Legislature) (Fin) am H (1990).

Opinions of attorney general tion clearly and unambiguously to revenues received after July 1 retrospectively to settlement procedure the beginning of fiscal year 1990, section did not take effect until January Op. Att'y Gen. No. 2.

This section did not repeal the reserve fund established by AS statutory fund continues in effect repealed by the legislature. 1993 Op.

- I. Administrative Proceedings.
II. Appropriation Amounts.
III. Applications.

I. ADMINISTRATIVE PRO

Attributes. — Attributes of an proceeding include: 1) a dispute must ment reflecting the fact of the dispute function similar to that of a complaint or an accusation or statement of Administrative Procedure Act, AS must be served by one party on the o the document must set in motion scribed by statute or regulation dispute will ultimately be resolved. 872 P.2d 171 (Alaska 1994).

Rulemaking proceedings Rulemaking administrative proceeding not included within the meaning of administrative proceeding used in subsec

HR

7



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## **Former Alaska House Speaker Ramona Barnes dead at 65**

By MIKE CHAMBERS, Associated Press Writer

*(Published: November 26, 2003)*

JUNEAU (AP) - Ramona Barnes - a tough-talking, gritty Republican from Anchorage who rose to be the first woman speaker of the House, died Wednesday. She was 65.

Barnes served 20 years in the Legislature, first elected in 1978, and gained a reputation for taking care of her friends and punishing her enemies.

She died at Providence Alaska Medical Center after being hospitalized on Monday. The cause of death was not immediately disclosed.

The family referred calls to Barnes' lawyer, Bill Cook, who said she had been hospitalized several times in the last year and had suffered repeated bouts of pneumonia and kidney problems.

"She had been very ill for quite some time," Cook said.

Barnes came to Alaska as a military wife and was elected to the state House after serving on the Elmendorf Air Force Base school board.

Once in the Legislature, Barnes found a passion for managing the egos and ideology of politicians to craft end-of-session deals.

"Basically the Legislature was her life," said Eleanor Wolfe, who served as a legislative aid to Barnes for 12 years and remained her friend after the lawmaker lost re-election in 2000.

"Very tough, very shrewd," Wolfe said. "Ramona never really paid much attention to party except when she was running (for election)."

Barnes became House speaker in 1993 with the help of a bipartisan coalition of lawmakers that included an unprecedented 18 freshmen lawmakers.

House Speaker Pete Kott, R-Eagle River, was among that group of newcomers.

"She took us under her wing and steered us in directions that I think left a lasting legacy now," said Kott. "We are still steering the ship in the direction she left us."

Also in that group were former House Speaker Brian Porter and the powerful former chairman of the House Finance Committee, Eldon Mulder, and current co-chairman Bill Williams.

Barnes was born in Pikeville, Tenn., and balanced a soft Tennessee drawl with a hard tongue that often got her in trouble. Senate President Rick Halford said Barnes argued her stand on issues with "velocity and volume."

Defending her state-paid travel on the House floor in 1992, Barnes caused a stir with the state of Wyoming by calling Cheyenne "the pits of the earth."

Under attack by an Alaska Native lawmaker for a lack of spending on rural water and sewer projects, Barnes called the lawmaker a bigot who hated white people. Barnes later apologized for the remarks.

On her desk, Barnes displayed a pair of brass balls - actually 2-pound fishing sinkers painted gold - given to her by Halford as a joke.

"I think people recognized her as one of the guys," Kott said. "That was the reason for the brass balls."

In later years, Halford gave her a small pocketknife with a small light on the end of it that she later jokingly called her "new neutering knife."

Barnes was a social conservative who pushed for greater resource development - especially oil - in Alaska.

Bill Allen, the president and CEO of politically influential Anchorage oil

field services company Veco Corp., has been close friends with Barnes for years, he said.

"She had the influence to do whatever she wanted to do," Allen said.

Barnes was also the first woman to hold every legislative leadership position from majority leader to minority whip. Divorced and the mother of three children, Barnes was proud of what she had accomplished in life, Allen said.

"She believed she raised her kids and put the bread on the table," he said.

Gov. Frank Murkowski ordered state flags to be lowered to half-staff to honor Barnes and Matilda Stepovich, wife of Alaska's last territorial, Gov. Mike Stepovich. Matilda Stepovich, 81, died Tuesday in Medford, Ore.

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## **Anchorage lawmaker known for her grit, gumption and grace**

**Representative served through 3 decades, including as speaker**

By SHEILA TOOMEY

Anchorage Daily News

*(Published: November 27, 2003)*

Governors joked about her hair, and more than once she threatened to "rearrange the anatomy" of men who defied her. The daughter of a southern sheriff, she rose to become the first female speaker of the Alaska State House, and, for a brief moment, the most powerful woman in Alaska politics.

When she died Wednesday, one name was enough: Ramona.

Former 10-term legislator Ramona Barnes, 65, died in Anchorage early Wednesday at Providence Alaska Medical Center, succumbing, friends said, to the pneumonia that plagued her for years.

Visitations will be Friday from 4 to 8 p.m. and Saturday from 1 to 4 p.m. at Witzleben's Bragaw Chapel. Funeral plans have not yet been announced.

Ramona Lee Etta Barnes was born on July 7, 1938, in Pikeville, Tenn., a small town north of Chattanooga, the second of four children.



Her colleagues knew Ramona Barnes to be stubborn, tough, a hard worker who sometimes got lost in the details, a loyal friend and a fighter for Republican goals. *(Photo by Erik Hill / Anchorage Daily News archives 1998)*

Her father was a fur trader and county sheriff, a Republican who took her campaigning when she was 10. Her grandfather and uncles were politically active, and a local school was named after her grandmother.

"I grew up wanting to be the first lady sheriff of the county," Barnes once said. "I grew up believing I could be anything I wanted to be."

In her life before elective politics, according to Barnes, she was a military wife who raised three children, wrote for a county newspaper, worked for the CIA in the Philippines as an undercover agent against black marketing and counterfeiting, and managed a beauty school and salon in Anchorage.

Barnes and her husband, an Air Force pilot, arrived in Anchorage in 1971, their seventh transfer in 10 years. By 1976, she was embroiled in on-base education issues and ran unsuccessfully for a seat on the Anchorage School Board. The race gave her "a taste of working on issues," said former state Sen. Rick Halford, who was in the Legislature during the 20 years Barnes served there after her first victory in 1978. "I think her identity was pretty much political," Halford said.

The legend -- some complain it became a caricature -- began to accrue as soon as she arrived in Juneau in January 1979. A bunch of young male Democrats, called the Ad Hocs, had taken control of the House. When the leadership failed to name a single female lawmaker to any House committee, freshman Barnes upbraided the speaker in front of an audience, formed a protest group called Old



Ramona Barnes in a photo accompanying a 1980 newspaper article. ( )



Rep. Ramona Barnes told the House minority what she thought as they caucused in the parking lot of the Capitol as adjournment neared in Juneau. (Photo by Fran

Gals In Government and went to the press.

*Durner / Anchorage Daily  
News archive 1990)*

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Barnes' representation of East Anchorage touched four decades, from 1979 to 2000, except for one term when she was beaten in the 1984 Republican primary. She lost her seat for the last time in 2000 to Rep. Harry Crawford, a Democrat. Last year, she filed to run again but had to withdraw because of poor health.

[Click on photo to enlarge](#)

She had back surgery in 2001 and never fully recovered, said Alyce Hanley, a former legislator who called Barnes "a true friend."

To people watching from a distance over the years, Barnes was a fascinating mix of unpolished brashness and unexpected uncertainty. She once had to apologize for calling a fellow legislator a "jackass" on the House floor. But she stopped wearing pantsuits in the House chamber when a male colleague told her "it wasn't very ladylike."

She did it "so he would never have the opportunity to say it again," Barnes explained.

On the other hand, she was unrepentant when shortly after her 1993 elevation to speaker someone discovered the Michigan State College she had listed for years on her resume was actually Michigan State College of Beauty and Culture. No one would care, she predicted. And she was right.

In her prime, Barnes was a physically formidable woman. Running into her on the street or at a meeting was always an adventure. Would she crush you to her bosom with gushing affection, flay you with caustic criticism or cut you dead?

When people who worked with Barnes talk about her, the conversation moves quickly from politics to style. Colleagues knew her as stubborn, tough, a hard worker who sometimes got bogged down in details and lost track of the big picture, a loyal friend, a fighter for Republican goals, sometimes a bully, sometimes a softy, a politician who tended to dig in her heels but whose word was gold.

Ben Grussendorf, speaker before Barnes, remembers finding her in the clerk's office once, trying to kidnap the official copy of a bill the House had passed over her objections so it couldn't be sent to the Senate and

become law.

"They don't come tougher," Grussendorf said.

"Ramona had a way of negotiating where your opinions were opinions and her opinions were facts," said Halford, a former president of the state Senate.

"I found her style to be what was needed at the time to produce focus and discipline," said Randy Ruedrich, head of the Republican Party of Alaska.

After years as minority leader, Barnes put together a coalition of Republicans and just enough Democrats to take control and, in January 1993, she was elected speaker of the House, the first woman in Alaska history to hold that job.

Republicans have controlled the House ever since, Ruedrich said.

In terms of legislation, Barnes did not leave an easily definable legacy. Her general focus was pro-development and anti-subsistence, but she worked on many issues including the Alaska Railroad and the Department of Corrections.

"Historians will see her thumbprint on many of those things that were put into place to develop and grow Alaska, said Gail Phillips, who succeeded Barnes to the speakership. Phillips said Barnes' combative style, effective at the time, probably wouldn't work now.

"By the time I got in, the idea of cooperation and working with each other to get things done had taken hold," Phillips said.

By the end of her career, Barnes was probably the best-known legislator in Alaska, thanks in part to her fondness for 1970s helmetlike hair styles and her much publicized smoking. In 1983, she was the first person officially reported for violating a nascent anti-smoking law by puffing away during a House committee debate over extending the ban. Her answer was always that she never drank or gambled and was entitled to one vice.

But when someone really wanted to pick on her, they made a joke about her hair, the most famous being former Gov. Jay Hammond's claim that he would "never trust anyone who had their hair done by a welder."

When Hammond was quoted in the newspaper, Barnes responded with a touch of class. She sent flowers to the reporter with a card that read: "My hairdresser prefers to think of herself as a sculptor."

Barnes was twice married and twice divorced. She is survived by three grown children and several grandchildren.

Daily News reporter Sheila Toomey can be reached at [stoomey@adn.com](mailto:stoomey@adn.com).

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## Voice of the Times

*(Published: November 28, 2003)*

### **A LEGISLATOR WITHOUT PEER: Ramona Barnes**

WHEN RAMONA BARNES first went to the Legislature in January 1979, the state of Alaska was exactly 20 years old. When she died Wednesday morning, the state was just 5 1/2 weeks shy of its 45th anniversary. For a quarter of a century, even as her health declined in recent years, she remained one of the most powerful political figures in Alaska history.

She knew the Legislature's workings like the captain of a battleship knows every gear and motor that keeps it in fighting trim. Like a sea captain at war, she was a fighter. Never one to mince words, never one for subtleties when a direct hit would win the day, Ramona < everyone called her by her first name - was not a timid lawmaker.

Her colleagues admired her tenacity and skill, and gave her credit for being what she was - an up-front, no-hidden-agendas person who knew the ins and outs of legislative operations as few others have, before or since.

Some in Juneau feared her. Her wrath could be biting, her tongue sharp, her memory long, her tolerance of fools extremely limited. Yet for all her gruff demeanor, she had a tender side that made her beloved to friends who stood by her, in her vigorous days of leadership and in the days of late when she became physically frail.

In Juneau and on the campaign trail in Anchorage, she was tireless. A Republican through and through, she was a leader in the fight to toughen the state's anti-crime laws, particularly during her service as

House Judiciary Committee chairman. Among other things, she led the fight to make it a crime in suspected drunken driving cases to refuse to take a breath test - a measure now in place in all 50 states.

An avid supporter of environmentally sound development of Alaska's natural resources, she was fully aware of and responsive to the plight of those in need.

When she arrived in Juneau for the first time, as a freshman member of the House in the 11th State Legislature, she joined some of Alaska's most storied political leaders.

Republican Clem Tillion of Halibut Cove was the president of the Senate, serving with such luminaries as Jalmar Kerttula of Palmer, Bill Ray of Juneau, Arliss Sturgulewski and Ed Dankworth of Anchorage. In the House, Democrat Terry Gardiner of Ketchikan was speaker, and among her new colleagues were Sam Cotten of Eagle River, Joe Montgomery and Terry Martin of Anchorage, Jim Duncan of Juneau and Hugh Malone of Kenai.

It was a rich training ground, one that paid big rewards when she was elevated to House speaker in the 1993-94 sessions.

Rumona's last bid for re-election was in 2000, and she came up 745 votes short of winning another term. "I've had the privilege to serve for over 20 years," she said, "and I'm extremely grateful for that."

She served long and well. Alaskans everywhere have reason also to be grateful.

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## Opinion

*(Published: November 28, 2003)*

Ramona Barnes

Fierce friend, fierce foe for 20 years in the House

Ramona Barnes, a Republican from East Anchorage by way of Tennessee, had a reputation for toughness well tested in 20 years in Alaska's House of Representatives. She died at home Wednesday at age 65.

She wasn't afraid of going nose-to-nose with anyone -- colleagues, commissioners, oil executives. She relished the fray.

"I don't know a lot about gas," she told an audience of oil company leaders in 1997. "But I do know when I'm being handed a line of bull. So we won't have any of that."

She once railed at demonstrating state workers to take their chants out of the Capitol Building because she thought it showed a lack of respect.

One of her nicknames was Rambona.

Ms. Barnes was first elected to the House in 1978. She served for six years and then lost a re-election bid in 1984, but won election again in 1986 and served seven terms before losing to Democrat Harry Crawford in 2000. She served as majority leader and Speaker of the House, and even when she didn't serve in the leadership she was a force who could deliver more votes than her own. Until her defeat in 2000 she commanded the loyalty of an East Anchorage constituency that crossed

party lines.

While critics justly said she was too personal and reactionary in her politics, it also was true that if she felt she knew you and could trust you, there was genuine affection that transcended politics.

She once told a reporter she preferred the description "strong-willed" to tough. "Tough doesn't come across very dignified," she said.

Ms. Barnes had a strong sense of her own dignity and that of the House she served in. She had a broad knowledge of House rules and procedures and little patience with those who ignored or forgot them. The House was a home for her, the place the girl from Tennessee made her mark in a man's world and earned the respect of friend and foe alike. She'll be long remembered.

She was a fixture in Alaska public life. Both supporters and adversaries offer condolences to her family and friends.

Longtime Alaskan William L. "Billy" Smith II died Nov. 18, 2003, at Providence Alaska Medical Center in Anchorage after a lengthy illness.

A service will be at 11 a.m. Dec. 6 at the Hotel Captain Cook. His ashes will be scattered on the Kougarak Mountains.

Mr. Smith was born Dec. 27, 1926, in Seattle to William L. Smith I and Barbara Haering Smith.

He became an Alaska resident in 1926. He served in the Alaska Communications Corp. in 1944 and later was self-employed in the mining industry.

Mr. Smith lived in many places in Alaska, including Kotzebue, Fairbanks, Anchorage, Valdez, Cordova, Seward and Juneau.

His hobbies included playing poker and pinochle, and poetry.

His family states, "He once said, 'No one should be required to go south of Ketchikan.' "

He is survived by his brother, James Smith of Mountain Lake Terrace, Wash.; sister, Jane Drebaum of Seattle; daughters, Katherine Gale of Anchorage and Sheryl Glick of Vermont; sons, William L. Smith III of Anchorage and James Smith of Wasilla; and many grandchildren, nieces and nephews.

Funeral arrangements made with Witzleben Family Funeral Homes.

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### **Barnes changed course of Alaska history**

ADN 11/29/2003

Longtime Anchorage resident Ramona Barnes, 65, died Nov. 26, 2003, at Providence Alaska Medical Center after a long battle with several illnesses.

Visitation will be from 1 to 4 p.m. today

at Witzleben Funeral Home, 1707 S. Bragaw St. A funeral will be at 3 p.m. Sunday at Anchorage Baptist Temple, Baxter Road and Northern Lights Boulevard.

Ms. Barnes was born July 7, 1938, in Pikeville, Tenn.

She came to Alaska in 1972 as a military wife and mother of three children.

Her family wrote: "Her first involvement with Alaska politics was with the Elmendorf school system and new laws affecting the education of her children. She had a deep interest in education. During the mid-'70s, Ramona became active in Anchorage community affairs and Alaska Republican politics.

She was a founder of the Anchorage Community Mental Health Center and served on the board of directors until her election to the Legislature. During this same period, she served as a trustee of the Blood Bank of Alaska and was instrumental in obtaining funding for the building. ...

"She was first elected to the Alaska Legislature in 1978 and was selected as the outstanding freshman legislator of the year. Ramona served as minority whip and then in 1983 as majority leader. She was also chairwoman of the House Judiciary Committee" and championed funding for many other improvements in Alaska law enforcement throughout her career.

"In 1993, Ramona was selected by her colleagues as the first female speaker of the House of Representatives. ... In 1995, Ramona served on the House Resources Committee, where she championed responsible resource development. ...

"She was selected by the Alaska Outdoor Council as outstanding legislator of the year for her steadfast support of Alaska sportsmen and women.

"During her 20 years of service to the people of Alaska, Ramona received numerous awards for outstanding service. A conservative Republican, Ramona believed that as a society, we are responsible for taking care of those who cannot take care of themselves. Ramona made sure everyone she encountered was treated with fairness and dignity. When Ramona gave you her word, you could 'take it to the bank.' Her word was her bond.

"She had compassion for those who called upon her with problems and fought tirelessly to protect the rights of those who were not able to fight alone. ... She played a major role in setting the direction and policy for the state of Alaska. Her accomplishments have changed the course of Alaska now and into our future. ...

"She served with distinction for 20 years, longer than any other female legislator, retiring in 2000. Alaska has lost one of its best, and the void will not soon be filled."

She is survived by her daughter, Michelle Barnes of Anchorage; sons and daughters-in-law, Michael Barnes and Rae Smith Barnes of Anchorage, and Randall Barnes of Anchorage and Michelle Barnes of Cottonwood, Calif.; grandchildren, Christopher Barnes and Patrick Barnes of Anchorage, Leia Barnes of Everett, Wash., Molly Jones and Gabriel Budke of Anchorage; great-grandson, Zack Jones of Anchorage, great-granddaughter Bella Fioree; brother and sister-in-law, Leonard and Linda Wheeler of Winchester, Tenn.; sister, Zelpha Mae Morgan of Rossville, Ga.; nieces, Natalie Wheeler of Atlanta, Nicki Wheeler Hedgepath of Nashville, Tenn.; sister-in-law, Patsy Wheeler of Chattanooga, Tenn.; and niece and nephew, Holly and Scott Wheeler of Chattanooga.

Her family added: "Like many people in military families, Ramona had a huge extended family of friends. Moving often as military families do, Ramona's friends became her adopted family. She will be missed by all."

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#### ALASKA SERVICES

DEC. 6

Diane Wetter, Palmer: 1 p.m., Palmer Senior Citizens Center, 831 S. Chugach St.

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# Ramona was tough, but part of that was a work of her own art

Not long before the legislative session began in 1991, Ramona Barnes slipped on the ice at her home in East Anchorage, fell and broke her right shoulder. She showed up in Juneau with her arm in a sling. When it came time to take the oath of office, she slipped her arm out of the sling and, putting her left hand under her elbow, raised her right hand.

"It hurt so bad that I couldn't help the tears rolling down my face," she told me later.

Another person might have saved herself the pain and raised her left hand. Nobody would have said anything; the woman had a broken shoulder after all. But Ramona had a well-developed sense of what was fitting and what wasn't, and she was plenty tough enough to do what she thought was right, pain be damned.

People who knew Ramona, who died last week of respiratory problems at the age of 65, quickly find themselves talking about her personality. She was a lifelong Republican and a member of the state House for 20 years, but her

**MIKE  
DOOGAN**

COMMENT



politics were not the result of a well-developed philosophy. They were an extension of who she was.

She was a determined woman. She lost her first race, a School Board election, in 1975. She lost her first attempt at a legislative seat the following year. But she didn't quit. She tried again in 1978, won, and found herself inside a bastion of male chauvinism.

Women have been part of the state Legislature since there has been one. The first, in 1959, had one female senator and two female representatives. But they have always been a minority. The values of the place are male, the

proceedings much more like a gladiatorial combat than a sewing circle.

Here's one example: Jay Hammond got a lot of mileage out of a crack he made about Ramona, who always favored a bouffant hairdo. "Never trust a woman who has her hair done by a welder." Funny, but try to imagine him making a similar joke about a man's hairstyle.

And there were a lot of locker-room comments about other parts of Ramona's anatomy besides her hair.

But the best example was provided by her political allies. After they engineered a coup to take control of the state House in 1981, her fellow Republicans decided to engage in a little friendly joshing with Ramona. So they gave her a pair of brass balls.

Ramona was able to make those values work for her because she understood them and manipulated them. She accepted the brass balls without batting an eye and put them on her desk as a reminder to visitors of who they were dealing with.

She incorporated other legislative

values into her political persona as well.

Being true to your word was good? In 20 years, I never heard a single person say she'd gone back on a commitment.

Helping your friends was good? She always helped her friends, even when it wasn't to her advantage. For example, she stood by longtime political ally Charlie Bussell long after Bussell had made himself such a political liability that he was fired from the state agency he headed.

Hurting your enemies was good? Nobody was more punishing in a political brawl than Ramona. Of one political opponent, she said, "I, for one, have about had my belly full of the jackass."

When she did things like that, people would just shake their heads and say, "That's Ramona." But that underestimates her. Some of her behavior grew out of her natural personality, but a lot of it she adopted to succeed in the Legislature, as much a part of her drive for success as becoming a master of the rules of procedure.

Some politicians might measure success in bills passed, but for Ramona success was acceptance and respect. The measure of that, for her, was being chosen the state's first woman Speaker of the House in 1993. But she didn't even let her guard down then, and when she thought the Senate wasn't treating her and her colleagues with the proper respect, she rolled them right up at the end of the session.

Every once in a while, though, Ramona would let slip that at least some of the persona she projected was an act. Like the time she blew up and stormed out of a House Finance Committee meeting because it didn't want to do what she wanted.

"I hear there was an eruption in Finance today," I said when I ran into her later in the hall.

"Yes," she said with a satisfied smile, "I pitched a fit and fell in it."

Mike Doogan's opinion column appears each Tuesday, Friday and Sunday. His telephone number is 257-4350, and his e-mail address is mdoogan@adn.com.

Anch Daily News 2 Dec 2003

# ge Daily News

Patrick Dougherty  
or Vice President & Editor

Steve Lindbeck  
Associate Editor

1945 by Norman C. Brown

Katherine Fanning, Editor and Publisher, 1971-1983  
Lawrence Fanning, Editor and Publisher, 1967-1971



# AN ANCHORAGE UNION

## Ramona was a friend, force of nature

Let me correct a misquote. I never said, "You can't trust a woman who has her hair done by a welder." More like, "I wonder what welder does her hair?"

I never mistrusted Ramona Barnes. Her word was as firm as her follicles. I always knew precisely where she stood: often right in the middle of my back, boot heels plowing deep furrows alongside my spine.

Though later warm friends, our first encounters were hardly auspicious. While in office, I'd meet with House Republicans every Thursday and came to dread it. The reason was mostly Ramona.

Regard for others depends to a degree on how they cause you to regard yourself. Confrontations with Ramona often reduced that regard to rubble. Though I'd counsel myself to keep cool, almost always Ramona and I would end up shrieking at one another. To say we had a warm relationship is an understatement. Sometimes it was blistering hot. In the process, any illusion of self-righteousness was fried out, and I realized what a petty fellow I really was to so enjoy revenge through snide comment. Such prompted my rude reference to Ramona's coiffure as well as involvement in torpedoing her re-election. The latter was prompted by this phone call: "Though it may be mission impossible, Marco Pignalberi intends to file against Ramona. However, he believes he can only win if you'll endorse him."

After reasserting my belief that an endorsement from old, has-been politicians has about as much sustenance as chicken lip soup, I added: "Besides, I don't know what I could say about Marco other than that while my administrative assistant he exhibited abundant energy, exceptional intelligence, complete dedication and total integrity ... but in spite of those qualities I still think he might make a good legislator." I hung up and forgot about it until Marco won over seemingly insurmountable odds.

A few days later I flew into town where a

JAY  
HAMMOND

COMMENT



store proprietor said, "Hey, you sure made up my mind on that guy Pignalberi."

"Huh. What do you mean?"

"Why that ad you ran."

"What ad?"

"This one here. I cut it out."

The ad featured an old picture of Marco and me with the ridiculous comment I'd made by phone. Three of five other customers present told me they too had voted for Marco because of that ad. Wow! Isn't that a frightening thought as to what can influence voters?

Later I was in Juneau when Ramona was closing shop. One of her staff warned me: "Ramona says she has a bone to pick with you." Fearing that bone would be my entire skeletal structure, I did my best to avoid confrontation. My best was not good enough. While sneaking down a hall, I noted an apparition in white charging my way like a mini tornado. Hoping to escape detection, I was about to plunge into the men's room when I heard: "Governor, oh governor. Just a moment, I want a word with you."

Aware the men's room really offered no sanctuary since she'd no doubt scale or shatter any stall in which I might cower, I stood my ground, steeling myself against the presumed coming onslaught. Instead, to my astonishment, Ramona swooped me into her billowing embrace and planted a kiss on my cheek. Meanwhile, totally flummoxed, I'm stammering something like: "I really didn't know they were going to run that Pignalberi ad. I never even saw it till

*To friends and opponents Ramona was two different people: To the former, a Joan D'Arc on steroids crusading for women's rights. To the latter, Ilsa Koch, sans jackboots and bullwhip.*

after the election. Blah, blah, blah."

"Oh, hush now," was her response. "I just wanted to thank you for supporting my bills last session. That showed me that you really liked me and all is forgiven."

And by George, you know she was right. From then on I really did like her, and our too infrequent subsequent crossings of paths were entirely convivial. I never failed to visit her office when in Juneau and ever was accorded a most friendly welcome and came away feeling rewarded.

Alaska will not see anyone quite like her again. Nor likely will the Good Lord. Upon entering those golden gates, I suspect already she's ordered St. Peter to hit the showers and replaced him with St. Patricia. What next? Effort to amend the Lord's prayer to read: "Our Heavenly MOTHER ..." as well as a request for an audience before the Almighty to demand He open ANWR and repeal Section D2 of ANILCA, which threw subsistence problems into our laps.

To friends and opponents Ramona was two different people: To the former, a Joan D'Arc on steroids crusading for women's rights. To the latter, Ilsa Koch, sans jackboots and bullwhip. To me she was a friend whom I came to cherish. I feel deprived by her much-too-early departure.

■ Jay Hammond was governor of Alaska from 1974 to 1982.

## Many will miss the tenacity of the late Ramona Barnes

Ms. Toomey's article on Ramona Barnes brought back some memories, and I would like to make one correction and add one story ("Anchorage lawmaker known for her grit, gumption and grace," Nov. 27).

The period in question was 1979-80 during the D2 Lands fight in Congress. Ramona was among a group of legislators who came to Washington to straighten out Congress.

The real author of the line that Ramona "went to a welder for a hairdresser" was Tom Korollogos, a formidable lobbyist hired by the state on D2 Lands. Gov. Hammond picked it up from him.

Among my responsibilities was assigning different legislators to see different senators. Knowing Ramona's style, I decided to assign her to Mark Hatfield of Oregon, a "safe" vote for us that Ramona's style could not offend. In the meeting Ramona was true to form — aggressive, no-nonsense. After she left, Hatfield turned to me and half in jest said: "Motley, if I had known that your legislature would spawn such creatures, I never would have voted for statehood."

Ramona Barnes' tenacity will be missed by many.

— Tony Motley  
former president, Citizens for the  
Management of Alaska Lands  
McLean, Va.

ANCH DAILY NEWS 4 DEC 2003

SB

25



# Alaska State Legislature

## House of Representatives




Official Business

**COMMITTEE ON RULES**  
**Representative Norman Rokeberg, Chairman**

State Capitol, Rm. 214  
Juneau, Ak 99801-1182  
(907) 465-3764

### MEMORANDUM

TO: Tam Cook, Legal Director  
Division of Legal Services

FROM: Janet Seitz, House Rules Committee 

DATE: May 2, 2003

RE: SB 25

Using 23-LS0080\W, Cook, 5/2/03, please prepare a final House Rules CS with the following conceptual amendment:

Page 2, line 10, after "principal" add "assistant or vice principal"

The committee was not sure of the correct terminology (assistant or vice) and thus the amendment was adopted in a conceptual form for you to determine the correct phrase.

We want to read this committee report across on Monday, May 2, 2003.

We currently have a title change amendment for this bill due to the title change in House HESS. Do we need another one for House Rules? The committee thought they did not.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSB 25(HES)  
 (S) Publish Date: 2/26/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title AHFC Loans to Educators BRU Alaska Housing Finance Corp.  
 Component Operations  
 Sponsor Senator Wilken  
 Requester Senate HESS Committee Component No. 110

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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 (FY2003) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

SB25 authorizes AHFC to establish a housing loan program for teachers. Although loans may be made at 100 percent loan-to-value (i.e. no down payment requirements), no financing plan, source of funds or subsidy is identified in the legislation. As such, market-rate bonds will have to be issued to finance the program, and the loans offered will have the same interest rate as existing AHFC mortgage programs.

As written, SB25 is not anticipated to significantly impact AHFC budget numbers and loan authorizations, since loan rates will be roughly the same as loans currently offered.

Prepared by: Bryan Butcher Phone 330-8445  
 Division Alaska Housing Finance Corporation Date/Time 2/11/03 6:56 AM  
 Approved by: Larry Persily, Deputy Commissioner Date 2/11/2003  
 Agency Department of Revenue

**GARY WILKEN**

SENATOR  
Fairbanks

Interim:  
1851 Fox Ave.  
Fairbanks, Alaska 99701  
Tel: 451-5501 (from Fbks)  
Tel: (907) 465-3709 (outside Fbks)  
Fax: (907) 465-4714

Alaska State Legislature

Senate

During Session:  
State Capitol Building  
Juneau, Alaska 99801-1182  
Tel: 451-5501 (from Fbks)  
Tel: (907) 465-3709 (outside Fbks)  
Fax: (907) 465-4714  
Website: [www.garywilken.com](http://www.garywilken.com)  
E-Mail: [Senator.Gary.Wilken@legis.state.ak.us](mailto:Senator.Gary.Wilken@legis.state.ak.us)

## MEMORANDUM

TO: Representative Norm Rokeberg, Chairman  
House Rules Committee

FROM: Senator Gary Wilken

DATE: May 1, 2003

RE: Senate Bill 25 – AHFC Loans to Educators

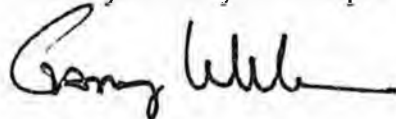
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I respectfully request that Senate Bill 25, *AHFC Loans to Educators*, be scheduled for a floor vote.

Senate Bill 25 establishes a teacher's housing loan program within the Alaska Housing Finance Corporation (AHFC) for certificated teachers, counselors, administrators, and providers of special education services. The new teacher-housing loan program offered through AHFC requires no down payment, may only be used for owner-occupied housing, and is limited to one loan per borrower.

The recruitment and retention of qualified public school teachers is paramount to the operation of a successful K-12 educational program. Unfortunately many school districts are experiencing a shortage of experienced, talented teachers and spend thousands of dollars to recruit the necessary workforce. The new housing loan program will provide school districts with a tool to encourage new teachers to come to their district and remain in their community.

Thank you for your cooperation and assistance in scheduling a floor vote.



**GARY WILKEN**

SENATOR  
Fairbanks

Home:  
1851 Fox Ave.  
Fairbanks, Alaska 99701  
Tel: 451-5501 (from Fbks)  
Tel: (907) 465-3709 (outside Fbks)  
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Tel: (907) 465-3709 (outside Fbks)  
Fax: (907) 465-4714  
Website: [www.garywilken.com](http://www.garywilken.com)  
E-Mail: [Senator.Gary.Wilken@legis.state.ak.us](mailto:Senator.Gary.Wilken@legis.state.ak.us)

**SPONSOR STATEMENT**  
**Senate Bill 25**  
***AHFC Loans to Educators***

Senate Bill 25 establishes a housing loan program within the Alaska Housing Finance Corporation (AHFC) for K-12 educators who are required to be certificated. The new teachers' housing loan offered through AHFC permits a qualified applicant to purchase a single-family, owner-occupied home without paying a down payment.

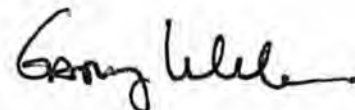
The new, zero down payment loan program will provide Alaska school districts with a tool to help attract and keep qualified public school teachers. The recruitment and retention of a qualified workforce is paramount to the operation of a successful K-12 educational program. Unfortunately many school districts are experiencing a shortage of experienced, talented teachers and spend thousands of dollars to recruit the necessary professionals. The proposed new housing loan program provides an incentive for trained teachers, counselors, and administrators to enter into the profession and invest in our local communities.

In addition, Senate Bill 25 allows a Regional Educational Attendance Area (REAA) school district to own or manage rental housing for teachers. With the passage of this legislation, REAAs that meet normal AHFC loan qualifying guidelines, will be eligible to participate in the current teacher housing loan program authorized under AS 18.56.580. Under this loan program, the interest rate is reduced one percent for a multi-family unit constructed in a small community and rented exclusively to teachers. Senate Bill 25 clarifies that no state education dollars may be used to help construct or purchase housing owned by an REAA.

These two provisions of Senate Bill 25 encourage teachers to remain in Alaska and offer a positive step towards ensuring that Alaska school districts have the best and most stable workforce possible.

Senate Bill 25 was amended in the House Health, Education and Social Services Committee to establish a nurses' housing loan program within AHFC similar to the teachers' housing loan. Under the nurses' housing loan program licensed, registered nurses who practice in the state and work at least 80 hours a month are eligible for a zero down payment housing loan through AHFC. The requirements and guidelines for the teachers' housing loan apply to the nurses' housing loan.

Thank you for your consideration of Senate Bill 25.



Proudly Representing the Golden Heart of Alaska

ALASKA COUNCIL



OF SCHOOL ADMINISTRATORS

326 Fourth Street, Suite 404 • Juneau, Alaska 99801

Phone: (907) 586-9702 • Fax: 586-5879

web site: [www.alaskaacsa.org](http://www.alaskaacsa.org)

## Alaska Council of School Administrators

April 11, 2003

The Honorable Gary Wilken  
State Senate  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Senator Wilken:

Please accept this written testimony in support of SB 25 from the Alaska Council of School Administrators. The Council is comprised of school superintendents and other central administrators, school principals and school business officials.

As you are abundantly aware, Alaska faces a severe shortage of teachers and administrators for the jobs available. Though enrollments have been dropping in school districts around the state, and some districts are laying off educators, there continues to be a need to attract quality teachers and administrators to our ranks. ACSA sees this bill as a positive step toward providing incentives for professional educators to live and work here.

Other states have also stepped up to the plate with incentives for educators, including exempting them from state income tax, offering signing bonuses, increasing salaries, and the like. Alaska must compete with those attractive offers at a time when fewer and fewer people are choosing our profession. SB 25 will help us be competitive in that national environment, and it will help us keep good teachers and administrators in our schools.

If I can be of further assistance, please let me know.

Respectfully,

Mary A. Francis  
Executive Director

MF:klc

## Senate Bill 25 – AHFC Loans to Educators

### IT'S ABOUT RECRUITMENT AND RETENTION!

#### Why??

- *Teacher Housing: Current Issues and Challenges*  
Alaska House Finance Corporation Draft White Paper

#### Statements of Support

- Guest Opinion article by Rep. Con Bunde  
*Fairbanks Daily News-Miner*, October 30, 2001
- Anchorage School District  
*Committee Report on Statewide Teacher Shortage*  
By the House Special Committee on Education, Oct. 22-24, 2001
- *2000 Alaska Statewide Educator Supply and Demand Report*  
by Alaska Teacher Placement, University of Alaska Fairbanks
- *No Dream Denied* by the National Commission on Teaching

#### Other States' Actions

- Alaska Council of School Administrators Bulletin Excerpt
- *School Board News* Article, January 28, 2003

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Headquarters  
4300 Boniface Parkway  
Anchorage, Alaska  
907-338-6100

Mailing Address  
PO Box 101020  
Anchorage, AK 99510-1020

Internet Web Site  
<http://www.ahfc.state.ak.us>

**Teacher Housing: Current Issues and Challenges**  
**DISCUSSION DRAFT**  
November 27, 2002

The State of Alaska has 55 school districts with 8,206 teachers serving over 132,000 students. Of these school districts, 19 serve rural and remote communities. Retention of staff in these areas has generally been difficult due to a variety of factors including community acceptance, salary, and quality of life. However, one issue that is becoming increasingly important to school administrators in these communities is teacher housing. The villages and rural towns served by these districts often have a limited supply of adequate and affordable housing. Administrators report that many teachers in rural districts live in substandard housing and often are doubled-up with other households because of a lack of supply.

In a preliminary analysis of the state of teacher housing, AHFC contacted 19 rural and "rural-hub" school districts and asked them 10 questions about teacher housing. Responses were received from 12 school districts. Of the 12 districts who responded over half identified teacher housing as an important issue. Three districts identified it as the highest priority. Seven of these districts own single family and multifamily housing that they lease to teachers. The North Slope and the Lower-Kuskokwim school districts reported the bulk, 277 units or 75% of the total number reported. A smaller number of districts, 5, do not own but manage units, 70 total.

In addition to owning and managing units, rural school districts may choose to use the private market. In communities like Bethel and Dillingham, the school provides a rental subsidy, typically specified in the teacher contract that pays a portion of a private rental unit cost. In smaller communities, the district may lease units from the tribal entity, borough, or local corporation. However, the school district is most likely to operate as the owner and manager of teacher rental housing. Very few districts mentioned homeownership. Only two districts noted that they had a handful of teachers purchase homes.

The most pressing issue in the districts was affordability. Seventy-five percent of the districts indicated that it is difficult for a first-year teacher to afford to either purchase or rent a home. Supply and quality were also rated as important but to a lesser degree (55 and 45% respectively). Another issue raised was land-availability. Districts reported that it is difficult to acquire land in small communities, especially in villages. One district, Annette Island, reported that the



tribe controlled the land and that any development needed to be approved by the village council.

To what extent do these issues contribute to loss of teachers? District personnel estimated that anywhere from 4% - 30% of their teachers leave every year because of housing issues. For these districts this equates to a loss of 133 teachers a year. The percentage of teachers who decide not to accept positions in each district because of problems with housing is close to 8% or 152 teachers. One district, Lower Kuskokwim indicated that for every successful teacher applicant there are six that decide not to work in the district, roughly half of these are due to housing factors. It's important to note that the numbers reported reflect the opinion of administrators, not teachers, and not all districts keep track of these numbers.

What do districts report they need to address teacher housing problems? The answer depends on the district. Some district superintendents have concluded that attrition due to housing is a problem but have decided not to get into the business of developing or providing housing. Other districts have taken an active role in housing, both developing and managing housing. Fifty-percent of districts indicated that providing more rent subsidy would help address the problems of teacher housing. Forty-two percent indicated that better financing, including downpayment assistance, would help. Forty-two percent also indicated that land acquisition would be helpful. In terms of housing production, district personnel estimated that they would need an additional 27 multifamily and 144 single family units to address their current problems with teacher housing.

#### Current AHFC Programs Could Address the Teacher Housing Problem

Through the refinement or modification of three existing AHFC financing programs it may be possible to address some of the barriers to the development of teacher housing:

- o *AHFC Multifamily Development Long Term Take-out Loans* - Districts may be able to develop more units of multifamily housing with affordable rents.
- o *AHFC Rural Loan Program* - The utilization of this program which has been more specifically targeted toward teachers could increase from marketing efforts, and/or modification of some of the statutory limitations on the program.
- o *AHFC Interest Rate Reduction Programs* - By combining the rural loan program with an interest-rate reduction program, the program could enhance affordability for teachers who want to own their own home.

**Current Challenges May Make It Difficult for AHFC Programs to Assist All School Districts**

For some districts, AHFC programs in their current form may not be enough because of the following issues:

- o It is unknown what the capacity of each district is to develop multifamily housing and what the demand would be for such units.
- o In smaller communities, the ability to acquire land may make multifamily development difficult.
- o Many teachers work in rural areas for less than three years and community resistance often makes it difficult for teachers to establish roots in the community.
- o School districts have expressed reluctance in constructing new housing in communities where there is already wide disparity in housing quality between community residents and teachers.
- o Lack of quality supply may serve as a disincentive to homeownership.
- o It is unknown what the demand for homeownership is without demographic and financial data on teachers in the rural school districts.

**Case Studies**

To better illustrate the challenges of rental and homeownership development in rural Alaska, the following profiles are provided:

**Rental Development Example**

*Based on market rents there is not sufficient income to support debt for the total development cost. The gap may be reduced by changing loan terms or gap financing through development subsidies for land, site work, infrastructure or general construction cost:*

24 unit project in Kotzebue, three eight plexes, two story wood frame construction.

Estimated Development Cost:	\$184,000 per unit or \$4,428,000 .
Potential Rents:	1 Bed - \$1,000
	2 Bed - \$1,200
	3 Bed - \$1,400
Operating Expenses:	\$5,500 per unit/year
Estimated Loan Amount:	\$1,800,000 at 5.5%, 30 year term

**Estimated Funding Gap (Dev. Cost - Loan): \$2,628,000**

Starting Teacher  
Salary In Kotzebue: \$42,000

30% of Monthly Income for Rent: \$1,030

Using 30% as a measure of affordability, the starting teacher in Kotzebue would be able to afford only a one bedroom unit at the rents above.

**Homeownership Example**

Under AHFC's rural loan program, a starting teacher in Kotzebue would not make enough income to qualify for a new 1,500 square foot single family home in Kotzebue. The gap may be reduced through land donation, down payment assistance, lowering the interest rate, or subsidizing the cost of construction if the cost of the home exceeds the appraised value, or self-help programs.

Cost of New Single Family Home: \$200,000  
In Kotzebue, 1500 sq ft.

Starting Teacher Salary \$ 42,000  
30% of Monthly Income for Mortgage: \$ 1,030

Loan amount at 5.5%, 30 year term: \$190,000  
Downpayment requirement (5%): \$ 10,000  
PITI Monthly Payment Requirement: \$ 1,346  
(Includes MI at 95% LTV)

**Estimated Funding Gap: -\$316 per month**

**Recommendations**

Combining existing AHFC mortgage loan programs with new initiatives will address many of the challenges that rural school districts currently face. Specific recommendations include:

- o Educating rural school districts about AHFC homeownership programs so that teachers who are interested in homeownership can take advantage of AHFC's favorable interest rates. (AHFC's current rural interest rate is 5%; additionally, assuming the loan meets the qualifications, there is the possibility of reducing the interest rate even further through the options of IRRLIB and EEIR.
- o Explore the possibility of offering down-payment assistance to teachers. Such assistance may make homeownership possible in rural areas that have problems with affordability. (With regards to down payment, other

than a veteran's or FHA insured loan, a lower down payment would require a change to statutes).

- o Promote AHFC's Multifamily Development Programs to school districts who want to develop their own housing. AHFC already has a long term take-out program in its direct lending multi-family program; wherein, if a project is marginal because of the market interest rate, a portion of the loan can be structured into an arbitrage soft second at 1.5% or an option that has not been used before is that, similar to IRRLIB and EEIRR programs, the interest rate can be bought down. A cash-flow problem may arise during the off-school year in the event the teachers leave the community for that time; thus, reducing the cash flow available to pay expenses and debt service.
- o Promote home ownership programs with the private sector
- o Promote housing development partnerships between school districts and local housing authorities. With these partnerships local communities may be more effective in developing new housing stock for both teachers and community residents. Such collaboration may result in the upgrade of community infrastructure and address the community resentment issues that often arise when only new teacher housing is being constructed in the community. These partnerships could also overcome the land availability issue that school districts often face when attempting to develop housing in native village areas.
- o Partner marketing efforts with the USDA, Denali Commission, Rasmusson Foundation and other potential partners to address issues of infrastructure development and down payment assistance.
- o Promote the development of housing for both teachers and non-teachers so that the inventory of available housing units could be increased. In many areas that lack housing stock, the free market system simply cannot flourish and perform in a normal fashion because there is nothing to buy or sell.
- o In some areas it may be unrealistic to promote homeownership for teachers, and a multifamily development approach would be more successful. In those areas that could support single-family ownership, incentives will probably be necessary to encourage people to participate.
- o 100% Loan-to-value ratio would eliminate the need for down payment with a manageable risk exposure.
- o Development grants for construction lending, or subsidized capital financing.

# Looking for answers to shortage

By REP. CON BUNDE

Research has shown that an excellent teacher is a vital factor in a student's academic success. Unfortunately, school districts all over the country are experiencing a severe shortage of quality teachers, especially in the areas of math, science, special education, foreign languages and support-service positions such as school counselors, speech-language pathologists and nurses. Districts are also having difficulty keeping the teachers they do have, due to factors such as retirement and job dissatisfaction. Regrettably, Alaska is sharing in these problems.

Over 30 years ago, when my wife and I began teaching in Anchorage, the school district recruited about 300 teachers every year, and virtually all were hired from outside Alaska. Salaries were high compared to those in the Lower 48. Now, estimates put Alaska's average teacher salaries at sixth or seventh out of the 50 states. A decade ago, 30 new teachers were required for a new school and the district received thousands of applications. This year, schools statewide started the school year with 80 teaching vacancies. Thirty positions still remain vacant.

Teacher retention is just as important as recruitment, and it is just as much of a problem. In some rural districts, there is 30 percent to 50 percent teacher turnover each year. In the Anchorage School District, 52 percent of those who left the classroom last year did so in the first four years of their teaching career.

As chair of the House Special Committee on Education, I re-

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## Guest Opinion

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cently conducted hearings around the state to investigate the specific causes of these problems and to identify ways the state Legislature can help districts recruit and retain excellent teachers. The committee visited school districts in Kodiak, the Matanuska-Susitna Borough, Anchorage and Kotzebue. We also held a statewide teleconference.

Education professionals testifying before the committee said there were several reasons for the state teacher shortage:

- First-year teachers feel unprepared for the challenges they encounter in real classrooms;

- Alaskan school districts are unable to compete with the salaries, benefits and incentives provided by districts down south;

- Rising health insurance costs are eating away at school and family budgets;

- Salaries are inadequate to support the cost of living in rural areas;

- Adequate housing can be too expensive or nonexistent;

- Teachers are dropping their certifications in high-need areas due to the high cost of renewal;

- Qualified teachers from other states find it too expensive and time consuming to apply for jobs in Alaska.

While those testifying were clear about the problems, they were also eager to offer suggestions on how to enhance teacher recruitment and retention, including:

- Improving teacher preparatory programs to better equip new teachers for the challenges of today's schools;

- Supporting effective mentoring programs for new teachers, both for professional skill and cultural awareness;

- Expanding mentoring programs for new teachers in more districts;

- Streamlining the certification process, repeal duplicative fees and paperwork;

- Establishing a student loan forgiveness program;

- Hiring more Alaskans;

- Instituting a state health insurance pool for all teachers to increase benefits and lower costs;

- Working with Alaska Housing Finance Corp. to provide low-interest housing;

- Hiring retired teachers as substitutes and full-time teachers, and as mentor teachers;

- Increasing salaries;

- Making the state's teachers exam, the Praxis, more effective to help more people become eligible for certification;

- Working to increase respect for the education profession.

Every state in the nation is trying to solve its teacher shortage in creative ways. Alaska must remain competitive in this very important market; support our teachers, and ensure that every student has an excellent teacher.

It has been invaluable for the Education Committee to hear from those "in the trenches," and I am grateful to the education professionals and community members who shared their ideas with the committee. These hearings provided an important framework for further discussion and new legislation next session.

Con Bunde, a Republican from Anchorage, heads the Alaska House of Representatives' Special Committee on Education.

**Anchorage School District  
Resolution on Teacher Recruitment and Retention:**

*The Anchorage School District urges the Alaska Legislature to develop strategies to attract and retain education professionals.*

Rationale:

- Alaska's colleges and universities supply about 30% of our state's annual demand for new teachers.
- More than two-thirds of new teachers come from out-of-state.
- A national shortage of teachers and administrators forces Alaska to compete with other states for an ever-shrinking pool of applicants.
- Other states are offering teachers signing bonuses, down payment on homes, mortgage subsidies, and student loan repayment plans.
- As a result, Alaska needs to consider strategies for attracting and retaining qualified educators.

These strategies might include:

- |                     |  |
|---------------------|--|
| ASD Resolution #183 | Aligning vesting in the Teacher Retirement System (TRS) with vesting in the Public Employees Retirement System (PERS). Currently, it takes 8 years to vest in TRS, but only 5 years to vest in PERS. |
| ASD Resolution #183 | Providing student loan forgiveness to offset high needs areas such as special education and related services   |
| ASD Resolution #183 | Providing housing subsidies for teachers in both rural and urban areas.  |



**2000**  
**ALASKA STATEWIDE EDUCATOR**  
**SUPPLY AND DEMAND REPORT**

By  
Melissa Hill

**ALASKA TEACHER PLACEMENT**  
UNIVERSITY OF ALASKA FAIRBANKS

PO Box 756880  
Fairbanks Alaska 99775  
907 474-6644      907 474-6176

January 2001

This table shows the 2000 positions filled by each district. The total district staff numbers are included in this table to help the reader keep the turnover percentages in perspective. An 8-10% turnover is normal for natural attrition. In any given year, Alaska's rural sites can experience resignations from up to 47% of their staff. This high turnover can be due to many reasons, but one of the main reasons seems to be poor housing and harsh living conditions. The number of first year teachers being hired increases each year. Are they being given the support needed for success? The University of Alaska Fairbanks is seeking a post-hiring course for first year teachers. Courses such as these in addition to Alaskan Native Studies are essential to teacher retention rates. Many rural sites do not have adequate funding to give them the resources for success.

Positions Filled by Districts									
District	New Hires		Total Staff	District Turnover	District	New Hires		Total Staff	District Turnover
	Admin	Teacher				Admin	Teacher		
Alaska Gateway	0	6	42	14%	Kodiak	0	23	221	10%
Aleutain Region	0	2	6	33%	Kuspuk	2	14	52	31%
Aleutians East	1	16	43	40%	Lake & Pen	0	24	67	36%
Anchorage	12	215	3477	7%	L. Kuskokwim	4	71	335	22%
Annette Island	1	5	35	17%	Lower Yukon	5	48	164	32%
Bering Strait	3	58	201	30%	Matanuska	6	85	910	10%
Bristol Bay	2	2	28	14%	Nenana	2	12	33	42%
Chatham	2	9	30	37%	Nome	3	11	60	23%
Chugach	0	3	16	19%	North Slope	6	53	231	26%
Copper River	0	8	52	15%	NW Arctic	6	49	199	28%
Cordova	2	3	38	13%	Pelican	1	1	4	50%
Craig City	0.5	9	37	26%	Petersburg	0	6	54	11%
Delta	0	0	65	0%	Pribilof	2	4	13	46%
Denali	0	5	36	14%	Sitka	2	7	128	7%
Dillingham	2	15	51	33%	Skagway	2	12	14	100%
Fairbanks	1	48	1087	5%	Southeast Is.	0	3	25	12%
Galena	1.5	9	75	14%	Southwest R.	0	5	97	5%
Haines	0	0	36	0%	St. Mary's	7.5	28	20	178%
Hoonah	1	3	25	16%	Tanana	0	1	10	10%
Hydaburg	0	5	12	42%	Unalaska	1	6	36	19%
Iditarod	3	14	51.5	33%	Valdez	2	11	73	18%
Juneau	5	25	407	7%	Wrangell	0	6	36	17%
Take	1	3	15	27%	Yakutat	1	7	19	42%
Kashunamiut	1	6	26	27%	Yukon Flats	7	16	42	55%
Kenai	6	39	737	6%	Yukon Koyukuk	1	15	85	19%
Ketchikan	2	13	168	9%	Yupit	3	23	42	62%
Klawock	0	0	18	0%	SESA	0	3	21	14%

Average Turnover for the following:

URBAN DISTRICTS	7%
RURAL DISTRICTS	20%
ALL DISTRICTS	12%

## History of District Turnover

District	1997		1998		1999		2000		Average Turnover
	Staff	Turnover	Staff	Turnover	Staff	Turnover	Staff	Turnover	
Alaska Gateway	48	31%	45.25	24%	40.5	4%	42	14%	15%
Aleutian Region	4	0%	9.5	33%	9.5	42%	6	33%	19%
Aleutians East	36	57%	37	15%	41.5	32%	43	40%	26%
Anchorage	3009	7%	3100	15%	3143	9%	3477	7%	8%
Annette Island	39	17%	37	16%	34.3	3%	35	17%	9%
Bering Strait	172	35%	198.5	24%	202	35%	201	30%	24%
Bristol Bay	29.75	0%	28	7%	28	3%	28	14%	3%
Chatham	33	29%	29	28%	27	10%	30	37%	16%
Chugach	17.5	0%	17	6%	12	8%	16	19%	4%
Copper River	46.97	28%	48.5	11%	48.5	11%	52	15%	13%
Cordova	34.5	21%	41	5%	35.3	10%	38	13%	9%
Craig City	31	17%	30	23%	33	15%	37	26%	14%
Delta/Greely	50	0%	75	11%	68	4%	65	0%	4%
Denali	30	15%	33	11%	30.5	24%	36	14%	13%
Dillingham	51	10%	54	34%	51	19%	51	33%	16%
Fairbanks	1044.33	0%	1065	10%	1129	8%	1087	5%	5%
Galena	34	24%	56	48%	70	36%	75	14%	27%
Haines	30.8	19%	11.7	23%	37	7%	36	0%	12%
Hoonah	25	0%	20	11%	21.5	4%	25	16%	4%
Hydaburg	15	28%	10	57%	12	50%	12	42%	34%
Iditarod	42.25	34%	47	39%	51	31%	51.5	33%	26%
Juneau	276.35	18%	371.7	10%	381	21%	407	7%	12%
Kenai	17	0%	17.6	17%	16.6	23%	15	27%	10%
Kashunamiut	21	29%	27	33%	27	35%	26	27%	24%
Kenai	668	12%	730.5	8%	733	11%	737	6%	8%
Ketchikan	141.2	10%	165	13%	170.7	11%	168	9%	9%
Klawock	21.5	0%	18.5	6%	18.5	5%	18	0%	3%
Kodiak	199.95	0%	209	11%	216	15%	221	10%	7%
Kuspuk	51	38%	56	22%	56	31%	52	31%	23%
Lake & Peninsula	56.5	54%	69	36%	73	36%	67	36%	32%
Lower Kuskokwim	298.5	17%	329	16%	327	22%	335	22%	14%
Lower Yukon	170	26%	181	23%	162	13%	164	32%	16%
Matanuska	736.15	9%	872	4%	869	13%	910	10%	7%
Nenana	13	24%	17	47%	25	27%	33	42%	25%
Nome	58.5	15%	63.5	16%	65	21%	60	23%	13%
North Slope	204.25	35%	237	23%	234	27%	231	26%	21%
Northwest Arctic	152	22%	170	30%	186	29%	199	28%	20%
Pelican	5	55%	5	0%	4	31%	4	50%	22%
Petersburg	55.5	0%	54	18%	54	9%	54	11%	7%
Pribilof	21.5	37%	15	38%	13.5	15%	13	46%	23%
Sitka	121	10%	129	12%	133	11%	128	7%	8%
Skagway	13	0%	14	40%	14	14%	14	100%	14%
Southeast Island	29	26%	27	9%	27	35%	25	12%	18%
Southwest	72	25%	91	30%	92	26%	97	5%	20%
St. Mary's	13	12%	15.5	13%	12	39%	20	178%	16%
Tanana	11	0%	11	25%	11	36%	10	10%	15%
Unalaska	32.6	27%	34	24%	34	25%	36	19%	19%
Valdez	69.5	0%	67	13%	68	10%	73	18%	6%
Wrangell	41.2	0%	38	16%	39	15%	36	17%	8%
Yakutat	16	20%	18	35%	19	35%	19	42%	23%
Yukon Flats	53	30%	48	25%	45	25%	42	55%	20%
Yukon Koyukuk	58	36%	63	37%	73	19%	85	19%	23%
Yupitit	38	0%	37	41%	38	47%	42	62%	22%
SESA	21.6	15%	18.5	11%	19	6%	21	14%	8%

# No Dream Denied

A Pledge to America's Children

**NATIONAL COMMISSION ON  
TEACHING AND AMERICA'S FUTURE**

**HON. JAMES B. HUNT JR.,  
CHAIRMAN**

**THOMAS G. CARROLL, Ph.D.,  
EXECUTIVE DIRECTOR**

**SUMMARY REPORT**

© January 2003

National Commission on Teaching and America's Future, Washington, DC

# WHY DOESN'T EVERY CHILD HAVE QUALITY TEACHING?

If we know that high quality teaching makes a difference, why isn't every child in America getting it? The conventional wisdom is that we lack enough good teachers. But, the conventional wisdom is wrong. *The real school staffing problem is teacher retention.* Our inability to support high quality teaching in many of our schools is driven not by too few teachers entering the profession, but by too many leaving it for other jobs. The ability to create and maintain a quality teaching and learning environment in a school is limited not by teacher supply, but by high turnover among the teachers who are already there—turnover that is only aggravated by hiring unqualified and underprepared replacements who leave teaching at very high rates.<sup>3</sup> The extensive evidence for these assertions is laid out in the next section. That evidence paints a disquieting picture.

In the mistaken belief that teacher supply is the core problem, quality teaching is too often compromised in an effort to recruit a sufficient quantity of teachers to fill classrooms. The results: standards for entry into the profession are lowered; quality teacher preparation is undercut; licensure becomes a bureaucratic barrier to be side-stepped, instead of a mark of quality; and the mythology that "anyone can teach" gains more ground with each fall's round of stop-gap hiring. Today, thousands of unqualified individuals are in classrooms across the nation, hired because state laws and district policies are ignored in the name of meeting immediate needs of schools that appear to face "shortages." But the real problem is that these schools are unable to retain a sufficient number of teachers with the proper credentials. We have mistaken the symptom for the problem.



Alaska Association of Elementary Schools Principals  
 Alaska Association of Secondary School Principals  
 Alaska Association of School Administrators  
 Sponsor of the Alaska Staff Development Network

326 Fourth St. Suite 404 • Juneau, Alaska 99801-1101

Phone: (907) 586-9702 (800) 478-9702 Fax: (907) 586-5879

E-mail: [acsa@ptialaska.net](mailto:acsa@ptialaska.net) • HOME PAGE: [www.ptialaska.net/~acsa](http://www.ptialaska.net/~acsa)

## Alaska Council of School Administrators

Excerpt from the *ACSA Education Bulletin* January 2000 Issue

### Where are the Teachers?

**WE NEED  
 A MORE POWERFUL  
 MAGNET!**

By Darroll Hargraves,  
 Executive Director, ACSA

#### What's the problem?

#### What's getting the attention?

Interesting isn't it? During the past few years, public attention has been focused on funding, construction, standards, and testing. Each of these issues is important. However, whenever superintendents get together to talk about immediate and future concerns, another issue tops the agenda—the need to recruit, hire, and keep certified and qualified teachers and administrators.

**The recent announcement by the University of Alaska that a five-year program will be required for certification will further reduce the number of Alaskans to fill positions in our schools.**

Alaska is not alone. In fact, teacher shortages are entering a critical stage across the nation. U.S. Secretary of Education Richard Riley consistently expresses a concern about the ability of our schools to attract the very brightest and best into education careers. As student enrollments continue to climb nationally, demand is outstripping supply at a time when the hurdles are being lifted even higher. For example, the shortage is becoming even more acute because many states are increasing their standards

for teachers and some are requiring them to have majors in the subjects they teach or to pass qualifying tests. The recent announcement by the University of Alaska that a five-year program will be required for certification will further reduce the number of Alaskans to fill positions in our schools.

Salaries have not kept pace with what talented people can make outside the classroom. A recent Quality Counts 2000, 50-state survey, conducted by *Education Week*, found that one in five college graduates who began teaching in 1993-94 left within three years. The brightest novice teachers, as measured by their college-entrance exams, were the most likely to leave, the study revealed.

**There was a time,  
 not so long ago, when Alaska  
 was a magnet for educators.**

What's at stake here? The immediate concern for many educators is having excellent teachers in the classroom—preparing students to pass exit exams that are looming in their future. Even more importantly, they are concerned about preparing students for life in the 21st century.

There was a time, not so long ago, when Alaska was a magnet for educators. Our salaries were the highest in the nation. Our recruiters could promise adventure, good hunting and fishing, and a lifestyle that attracted exceptional talent. Let's face it. What worked in the past is not getting us the number and level of certified, qualified educators we need today and will need in the future.

While average teacher salaries in Alaska are still above the national average, we are now caught in what the *New York Times* calls a bidding war. That war has spread from coast to coast, and we are not winning. In fact, we are being out-manuevered as never before. Take, for example, the incentives being offered in several states. California is offering \$10,000

interest-free loans for buying a home, \$30,000 bonuses for attaining advanced certification, and \$11,000 to repay college loans. In Texas, \$2,000 signing bonuses are becoming commonplace. Southern states such as Florida, Georgia and Mississippi have districts paying bonuses of up to \$6,000 to retain quality teachers.

As crises show signs of becoming catastrophes, some state legislatures and state departments of education have gotten the ball rolling on bringing retired teachers and administrators back into the system. Those early retirement incentives that were sold, in some case, as a way to remove the "dead wood" are now looking more like they've caused a "brain drain."

Salaries are a major problem, both for teachers and administrators. Alaska's largest districts provide an example of how noncompetitive our salaries are. These districts have budgets, enrollments, numbers of employees, physical plants, and demands comparable to large districts outside the state that are paying their superintendents nearly double. In fact, an Alaska board member recently admitted to the media that their superintendent is underpaid and speculated that if the present superintendent left and had to be replaced, it would require an additional \$50,000. Even that level of an increase would be low compared to salaries paid in comparable districts outside.

Granted, we need to pay attention to standards, facilities, and a number of other critical issues. At the same time, let's not forget that our ability to attract and keep outstanding teachers and administrators is basic to everything we hope to accomplish. Alaska needs a constant flow of quality, certifiable educators. While the problem may not be completely solved during this session of the Legislature, we simply must make sure that it receives the attention it deserves. The future of our kids depends on it.

## Teachers in Santa Fe get help in buying homes

In an effort to curb the exodus of teachers from high-cost Santa Fe, N.M., the school board has set aside \$600,000 to help teachers buy homes.

The average teacher salary in Santa Fe is \$34,635, while the median price of a house is \$268,000. Starting teachers earn \$26,414.

In addition to the district's contribution, a collaboration of the New Mexico Mortgage Finance Authority, Neighborhood Reinvestment Corp., and Neighborhood Housing Services hopes to raise \$1.3 million.

A pilot program launched by Neighborhood Housing Services in 1999 helped 25 teachers buy homes with down payment assistance and helped seven teachers make home repairs, says Executive Director Michael Loftin.

The new program will help teachers find affordable apartments in Santa Fe, as well as provide \$10,000 to \$15,000 to help teachers with down payments. Teachers buying their first home in Santa Fe could get a zero percent, deferred-mortgage loan, which must be repaid when they sell.

Loftin also hopes to offer teachers workshops on home buying, low-interest home-improvement loans, and rental discounts for apartments.

"Santa Fe is an expensive city in a poor state," says school board President Marcy Litzenberg. "We know this is only a drop in the bucket, but for the teachers who take advantage of it, it may make all the difference in the world whether or not they stay in Santa Fe."

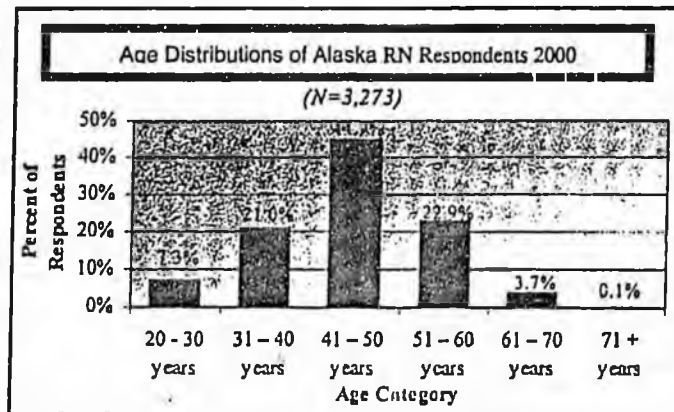
Contact: Joanne Ferguson, public information officer, (505) 467-2028. ■



## Background On the Nursing Shortage in Alaska

There are currently about 5,200 RNs living in Alaska. Since the late 1990's there has been an increasing shortage of Registered Nurses in Alaska and the US as a whole. This has led to an 11.5% vacancy rate for nursing positions in the State. Contributing factors for this shortage include:

- The aging of the workforce. In 2000 the average age of a RN in Alaska 45.1 years compared to 43.3 years nationally. 72% of the RNs in Alaska are over the age of 40 years old. Data from the 2002 license renewal is currently being evaluated, but it is expected that the average age has only increased.<sup>i</sup>



- Hospital and nursing home nursing is very physically demanding. Because of this most nurses working in these settings retire in their 50s. Nationally it is projected that half the nursing workforce will retire in the next five years.
- Fewer young people have gone into the profession. This is graphically illustrated by the above figure.<sup>ii</sup> Formerly, the two primary occupations available to women were teaching and nursing. Now there are a larger number of options available. Many women who previously would have become nurses are now becoming doctors.
- Increased complexity of patient care. In order to reduce health care costs more procedures are being done on an outpatient basis, and hospital stays have been shortened. This means that the patients in hospitals are much sicker than 15 years ago, requiring more skilled care.
- In order to reduce costs, hospitals in the 90's increased the number of patients nurses were required to care for at the same time that the patients became sicker. This lead many nurses to leave the workforce because of concern about patient and nurse safety.



- A decrease in job satisfaction, as inadequate staffing is preventing RNs from providing high quality care to patients. One of the single most important factors in nurses being satisfied with their working conditions is the RN having ample time to provide quality care to their patients. This is usually directly tied the number and the acuity of the patients they are required to care for.
- Increased work-acquired injury and illness. This is addressed in detail elsewhere, but between the increased number of HIV and hepatitis infected patients and the increased weight of the population, many nurses have suffered career ending injuries or illnesses. It is not unusual for nurses to be asked to care for 300-500 lb patients.

#### Importance of RNs to Patient Health and Safety

The nursing shortage effects patient care in two main ways. Studies tie RNs to positive patient outcomes and poor staffing causes experienced RNs to leave the profession due to job dissatisfaction.

- A 2000 study<sup>iii</sup> looked at hospital and Medicare data from hospitals in nine states in five categories of adverse outcomes: length of hospital stay, pneumonia contracted in the hospital, postoperative infection, bed sores, and urinary tract infections contracted while in the hospital. All five measures are markedly decreased with higher levels of RN involvement in patient care.
- A study published in the October 2002 Journal of the American Medical Association<sup>iv</sup>, found the risk of patient mortality increased by 7% for every additional patient in the average nurse's workload in the hospital;
- The study suggests that RNs contribute importantly to surveillance, early detection, and timely interventions that save lives;
- The benefits of improved RN staffing also extend to larger numbers of hospitalized patients who are not at risk for mortality but nevertheless are vulnerable to a wide range of unfavorable outcomes;
- Higher emotional exhaustion and greater job dissatisfaction in nurses were strongly and significantly associated with patient-to-nurse ratios;
- Improving nurse staffing levels may reduce alarming turnover rates in hospitals by reducing burnout and job dissatisfaction, major precursors of job resignation;
- Improving staffing may not only save patient lives and decrease nurse turnover but also reduce hospital costs, if recently published estimates of the costs of replacing a hospital medical and surgical general unit and a specialty nurse (\$42,000 to \$64,000) are correct.



### Health and Safety Issues Related to the Nursing Shortage

Health care is rapidly becoming the most hazardous industry in America, as well as Alaska. RNs report that health and safety concerns play a major role in their decisions to remain in the profession. Nurses and other health care workers are exposed to the following hazards:

- Biological hazards: HIV, hepatitis B and C and more than 20 other infectious agents have caused infections in nurses caring for patients with these infections.
- Ergonomic Injuries – Ergonomics hazards of manual lifting and transfer of patients cause back injuries to over 1/3 of all nurses. Nurses are more prone to back injuries than construction laborer, truck loader, or warehouse worker.<sup>v</sup> Nurses accounted for more than 10% of the total for all occupations combined for neck, back and muscle injuries.<sup>vi</sup>
- Chemical hazards: latex allergy and disinfectants cause occupational asthma, and laser smoke, exposure to carcinogenic chemotherapeutic agents result in illness.

### The Shortage Will Grow

Alaska Department of Labor and Workforce Development<sup>vii</sup> provided the below statistics related to the current and growing nursing shortage.

- Employment demand for RNs is projected to grow nearly 40% between 1998 – 2008, faster than the all-occupational average (16.6%)
- The number of RNs needed to fill the new jobs resulting from industry growth will increase by nearly 1,600.
- If 2008 projections hold true, RNs will be the largest single healthcare occupation and the seventh largest occupation in the state.
- Nursing shortage is nationwide and Alaska must compete for RNs, or grow more of our own, to keep up with demand caused by the aging of society, as well as the aging of the RNs.

### Alaska Nursing Employer Survey Results<sup>viii</sup>

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding their nursing workforce needs.

- Vacancy rates for RNs increased on average from 5.7% in 2000 to 11.5% in 2002 with the West and North respondents reporting a 20.8% vacancy rate in 2002.



- Rate of Turnover reported for RNs in 2002 was 24% indicating difficulties with retaining RNs
- Employers identified the most successful retention incentives included
  - Decreased workload and greater scheduling choices
  - Educational Options
  - Management education and involvement
  - Positive work environment
- The percentage of facilities that actively recruit RNs from other states increased from 47.6% of facilities in 2000 to 83.3% of facilities in 2002.
- Employers identified the following anticipated changes in demand for nurses in the next two years
  1. Aging population/increased number of nurses retiring
  2. Increase in medical services used and number of patients
  3. Increased need for nurses, especially RNs
  4. Possible closure of facilities
  5. New facilities built/facility expansion
  6. An increased difficulty in recruiting and retaining nurses

### **Current Nursing Education in Alaska**

The University of Alaska is the primary educator of nurses in the state. Weber State has had a small LPN program in the state for many years, but they will soon be leaving the state. Nursing education is very expensive to provide due to the cost of labs and clinical rotations. This cost is why there are not more providers of nursing education, and why nationally there has been a decrease in nursing education programs.

### **Current RN Programs Provided by UAA (110 RN graduates per year)**

- 2 year RN – Anchorage 32 students admitted per year; Fairbanks 16 students, Kodiak 9 students (every 2 years)
- 4 year RN – Anchorage 80 students admitted per year, with an additional 40 being added this summer
- 1 year LPN – Anchorage 16 students admitted per year, Bethel 7, Fairbanks 8 (rotates), Ketchikan 6 (rotates)

### **Projected Locations and Numbers of Nursing Students 2006 (220 RN graduates per year)**

- 2 year RN – Anchorage 32 students admitted per year, Fairbanks 16, and about 40 students admitted per year in Juneau, Bethel, Kodiak, Kenai, Ketchikan, or Sitka on a rotating basis. Other sites are also being investigated.
- 4 year RN – Anchorage 120 students admitted per year.



### **Articulation Programs**

The University already has an RN to BSN program in place that can be completed through distance learning. UAA is in the process of refining the LPN to RN program to make mobility within the profession easier.

### **Current Demand for Nursing Education Exceeds Slots**

The UAA four-year BSN program has only a minimal waiting list, which should be eliminated with this year's planned expansion. This year the 2-year (AAS) RN program had 2 applicants for every position. Initial interest meetings in expansion sites such as Kenai have shown a tremendous interest from persons in the community.



## SOLUTIONS

The Alaska Nurses Association suggests the following solutions to the Alaska nursing shortage, which come under three main categories:

- Recruitment and education of new RNs
- Retention of experienced RNs
- Adapting the work environment to prolong the careers of aging RNs

### RECRUITMENT AND EDUCATION

- State funding support of UAA and Industry Consortium's effort to double the number of RN graduates by 2006. This requires the State to match the industries commitment of 2.4 million over the next three years.
- Continue Federal funding of the Recruitment and Retention of Alaska Natives into Nursing (RRANN Program) at UAA.
- Support legislation for tuition loan reimbursement of nurses who work in Alaska. Currently several legislators are working to draft such legislation.
- Support an increase to competitive salaries for nursing professors. RNs can currently make more practicing in a hospital than teaching at the University, making the recruitment of qualified instructors very difficult.
- The Alaska Nurses Association is working to develop a recruitment program aimed at grade school children to show them the variety of careers available in the nursing profession.
- The Alaska Nurses Association, hopefully with the support of the Alaska Department of Labor and the University, is planning to work with high schools in developing a pre-nursing preparation program to ensure a successful foundation is created in math and science, especially for rural and non-traditional students.
- With the help of industry, identify and develop training for post-graduate RNs in high need specialty areas, such as OR and ICU.
- Encourage employers to provide financial incentives for nurses working in facilities to mentor nursing students and new graduates.



## RETENTION OF EXPERIENCED RNS

### **Workplace Conditions**

- Support creation and adoption of legislation and/or standards for an appropriate nurse to patient acuity system that creates a safe and satisfying work environment. Several states have passed or are considering similar legislation.
- Create financial incentives for facilities to apply for Nursing Magnet Status with American Nurses Credentialing Center. Magnet status ensures RN participation in workplace design, and promotes quality patient care, highly increasing job satisfaction.
- Encourage employers to make nursing attractive as a long-term career by increasing retirement and medical benefits.
- Encourage Employers to be responsive to RN needs, such as providing daycare that is available during the hours that nurses work and providing flexible scheduling options.
- Create legislation to prohibit mandatory overtime as a staffing solution to the nursing shortage. Other states have successfully passed such legislation.

### **Health and Safety Solutions**

- Provide legislative or administrative incentives for facilities to purchasing latex free products in order to limit latex injuries to RNs and patients, as well as decrease related costs.
- Support the revision and passage of Alaska's existing Needlestick Legislation<sup>ix</sup> to meet federal standards, to protect patients and healthcare workers from HIV, Hepatitis, and other infectious diseases.
- Department of Labor's development of Regulations aimed at reducing injuries, and related costs, acquired from lifting and transferring patients in facilities, such as lift teams and assistive devices. Alaska Native Medical Center has had significant success in this area.

## ADAPTING THE WORK ENVIRONMENT TO PROLONG THE CAREERS OF AGING RNS

- Encourage institutions to be flexible about working hours and patient loads to allow aging nurses to physically prolong their careers. Many facilities demand 12-hour shifts, which are physically demanding and difficult for aging RNs.
- Fund a study to explore what measures need to be adopted to keep RNs who are over 50 in the workforce.



- Find creative ways to utilize experienced nurses to educate, mentor and recruit new nurses into the profession.

---

<sup>i</sup> "Alaska Colleagues in Caring, Alaska Re-Licensure Survey for RNs, 1996, 1998, and 2000", October 2001

<sup>ii</sup> Id.

<sup>iii</sup> ANA's Nurse Staffing and Patient Outcomes in the Inpatient Hospital Setting released in May of 2000.

<sup>iv</sup> "Hospital Nurse Staffing and Patient Mortality, Nurse Burnout, and Job Dissatisfaction," by Linda Aiken, PhD, RN, et. al., is in the October 23/30, 2002, issue of JAMA. The study looked at 232,342 patients between the ages of 20 and 85 who underwent general surgical, orthopedic, or vascular procedures in 168 Pennsylvania hospitals from April 1, 1998 to November 30, 1999.

<sup>v</sup> Labor Department's Bureau of Labor Statistics, in 1998.

<sup>vi</sup> Id.

<sup>vii</sup> Alaska Department of Labor and Workforce Development, Research and Analysis Section (April 9, 2002)

<sup>viii</sup> Alaska Colleagues in Caring Nursing Employer Survey, 1998, 200, & 2002.

<sup>ix</sup> Sec. 18.60.880. Needlestick and sharps injury protections for health care workers.

SB

109



# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 109  
 ( S ) Publish Date: 3/6/03  
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):  
 Title MEDICAID PRIORITIES WHEN FUNDS  
INSUFFICIENT

BRU Medical Assistance  
 Component Medicaid Services

Sponsor RULES  
 Requester GOVERNOR

Component No. 2077

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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 (0)</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-do not abbreviate)						
<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 (FY2003) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
 Under current law, if insufficient funds are allocated to fully-fund the Medicaid program, the department is directed to eliminate optional Medicaid services based on a priority list that is woefully out-of-date. The existing list is not an effective management tool and, if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.  
  
 The proposed bill would replace this obsolescent language with broad general authority for the department to undertake cost containment based on three key principles.

Prepared by: Virginia Stonkus Phone 465-1166  
 Division Medical Assistance Date/Time 03/03/2003  
 Approved by: Joel S. Gilbertson, Commissioner Date 03/04/2003  
 Agency Department of Health and Social Services

FISCAL NOTE

FN # 1

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. SB 109

ANALYSIS CONTINUATION

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

The imperative of slowing the growth of state funding for Medicaid while at the same time maintaining health care coverage for needy Alaskans is an issue that can no longer be avoided. Passage of this legislation will give the department some of the tools that it needs to meet this challenge.

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
1907-465-3500  
FAX 1907-465-3532  
WWW.GOV.STATE.AK.US

March 5, 2003

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 107  
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to provide greater flexibility to the Department of Health and Social Services to implement cost containment strategies for the Medicaid program.

Under current law, if funds appropriated to the Medicaid program are insufficient for a given fiscal year, the department is directed to eliminate optional Medicaid services based on a priority list that is woefully out-of-date. The existing list is not an effective management tool and if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with authority for the department to undertake cost containment based on three key principles.

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.