

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11133 SENATE HEALTH, EDUCATION & SOCIAL SERVICES

SB

259

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 259
 (S) Publish Date: 1/12/04
 Dept. Affected: Health & Social Services
 Component: Alaska Pioneer Homes Management

Revision Date/Time (Note if correction):
 Title: ESTABLISHING THE SENIORCARE PROGRAM RDU

Sponsor: RULES COMMITTEE

Requester: _____ Component No. 2731

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	94.6	5.2				
Travel						
Contractual	74.0	4.0				
Supplies	15.7	0.9				
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	184.3	10.1	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	184.3	10.1				
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	184.3	10.1	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 46.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	2	2				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Division of Alaska Pioneer Homes will process enrollment and determine program eligibility for the SeniorCare program. The division will also issue and mail checks for the cash benefit segment of the program. The SeniorCare program will operate for the last quarter of FY 04, the entirety of FY 05, and six months of FY 06.

Due to increasing costs, a 10% inflation factor was applied to FY 05 costs to determine FY 06 contractual services and supply costs.

Continued next page.

Prepared by: Virginia Smiley
 Division: Alaskan Pioneer Homes
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-4422
 Date/Time 01/06/2004
 Date 01/07/2004

FISCAL NOTE
FN #1

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 259

ANALYSIS CONTINUATION

The eligibility Tech I (range 13, step A) will provide or supervise the provision of accurate eligibility determinations and benefit authorizations for new and ongoing SeniorCare cash benefit or pharmacy benefit applicants/recipients. In accordance with regulations the position's work includes interviews, data collection, data review and analysis and investigations. The position will enroll pharmacy benefit recipients in the public assistance EIS system.

The Admin Clerk III, (range 10, step A) position will perform specialized clerical functions requiring knowledge of SeniorCare policies. The position will need to understand laws and regulations and vary procedures depending on different situations, and be able to explain the requirements to others. The position will need to recognize errors and discrepancies in information and take appropriate action. The Admin Clerk III will be the back up position for the ET I and will process "month-end" cash benefit checks in the absence of the ET I.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 259
 (S) Publish Date: 1/12/04

Revision Date/Time (Note if correction):

Dept. Affected: Health & Social Services

Title: ESTABLISHING THE SENIORCARE PROGRAM RDU Public Assistance

Component: SeniorCare

Sponsor: RULES COMMITTEE

Requester: _____ Component No. 2760

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	14,649.6	7,690.9				
Miscellaneous						
TOTAL OPERATING	14,649.6	7,690.9	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	12,000.0					
1003 GF Match						
1004 GF	2,649.6	7,690.9				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	14,649.6	7,690.9	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 554.0

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)

The proposed SeniorCare program provides a cash or drug benefit to eligible seniors age 65 or older. Program benefits will be disbursed through the SeniorCare program in the Division of Public Assistance budget. The program is proposed to operate during the last quarter of FY 04, the entire FY 05 and the first half of FY 06.

See assumptions, next page.

Prepared by: Angela Salerno
 Division: Public Assistance
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-6300
 Date/Time: 01/09/2004
 Date: 01/09/2004

ANALYSIS CONTINUATION
SeniorCare benefit levels

Cash benefit: \$360/yr. in FY04; \$1,440/yr. in FY05; \$720 in FY06
Drug benefit, below 135% poverty: \$400/yr. in FY04; \$1,600/yr. in FY05; \$800/yr. in FY06
Drug benefit between 135% and 150% poverty: \$250/yr. in FY04; \$1,000/yr. in FY05; \$500/yr. in FY06

SeniorCare Caseload Projections

FY 04

Cash benefit: 7,550
Drug benefit below 135% poverty: 600
Drug benefit between 135% and 150% poverty: 2,120

FY 05

Cash benefit: 7,928
Drug benefit, below 135% poverty: 630
Drug benefit between 135% and 150% poverty: 2,226

FY 06

Cash benefit: 8,323
Drug benefit, below 135% poverty: 662
Drug benefit between 135% and 150% poverty: 2,337

Cost Projections:

FY 04 (4th Qtr. only)

Cash benefit: $7,550 \times \$360 = \$2,718,000$
Drug benefit, below 135% poverty: $600 \times \$400 = \$240,000$
Drug benefit between 135% and 150% poverty: $2,120 \times \$250 = \$530,000$

TOTAL FY04 COST: $\$2,718,000 + \$240,000 + \$530,000 = \$3,488,000 - \$2,934,000$ (FY 04 appropriation for Alaska Senior Assistance Program) = **\$554,000**

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 259

ANALYSIS CONTINUATION
SeniorCare Caseload Projections, continued

EY 05

Cash benefit: $7,928 \times \$1,440 = \$11,415,600$

Drug benefit, below 135% poverty: $630 \times \$1,600 = \$1,008,000$

Drug benefit between 135% and 150% poverty: $2,226 \times \$1,000 = \$2,226,000$

TOTAL FY 05 COST: $\$11,415,600 + \$1,008,000 + \$2,226,000 = \$14,649,600$

EY 06

Cash benefit: $8,323 \times \$720 = \$5,992,830$

Drug benefit, below 135% poverty: $662 \times \$800 = \$529,600$

Drug benefit between 135% and 150% poverty: $2,337 \times \$500 = \$1,168,500$

TOTAL FY 06 COST:

$\$5,992,830 + \$529,600 + \$1,168,500 = \$7,690,930$

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: SB 259
 (S) Publish Date: 1/12/04
 Dept. Affected: Health & Social Services
 Component Public Assistance Admin

Revision Date/Time (Note if correction):

Title ESTABLISHING THE SENIORCARE PROGRAM RDU

Sponsor RULES COMMITTEE

Requester _____

Component No. 233

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	40.0	20.0				
Travel	7.0	3.0				
Contractual	12.0	4.0				
Supplies	2.0	1.5				
Equipment	0.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	61.5	28.5	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	61.5	28.5				
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	61.5	28.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 25.0

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)

Outreach for the proposed SeniorCare program will include the staffing and operation of a SeniorCare Information Office to provide full-time, telephone-based information on programs and services, advertising about the SeniorCare program and travel to provide information to seniors throughout the state.

Prepared by: Angela Salerno
 Division Public Assistance
 Approved by: Joel S. Gilbertson, Commissioner
 Agency Department of Health and Social Services

Phone 465-3200
 Date/Time 01/06/2004
 Date 01/07/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: SB 259
 (S) Publish Date: 1/12/04
 Dept. Affected: Health & Social Services
 RDU Departmental Support Services
 Component Information Technology Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE SENIORCARE PROGRAM
 Sponsor RULES COMMITTEE

Requester _____

Component No. 2754

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						
Supplies	7.1	7.5				
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	7.1	7.5	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	7.1	7.5				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	7.1	7.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 6.8

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)

The Public Assistance Systems Operations unit, under the departmental Information Technology Services component, will issue and mail SeniorCare drug benefit cards to approximately 2,720 recipients in FY 04, 2,856 recipients in FY 05, and 2,999 recipients in FY 06.

Prepared by: Janet Clarke, Director
 Division: Administrative Services
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-1630
 Date/Time 01/07/2004
 Date 01/07/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: SB 259
 (S) Publish Date: 1/12/04

Revision Date/Time (Note if correction):
 Title ESTABLISHING THE SENIORCARE PROGRAM RDU Health Care Services
 Component Health Purchasing Group

Sponsor RULES COMMITTEE
 Requester _____ Component No. 243

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		50.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	50.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURE						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		50.0				
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	50.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 85.0
 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)

The Department of Health and Social Services Division of Health Care Services anticipates required FY04 start-up costs of \$85.0 in general funds for the development of MMIS claims processing capability for payment of the state program's drug benefit plan.

There are no additional anticipated costs during the course of FY05.

The department anticipates general fund costs of \$50.0 for MMIS system changes and documentation with the sunset of the program in FY06.

Prepared by: Nancy Burns Phone 465-3356
 Division Health Care Services Date/Time _____
 Approved by: Joel S. Gilbertson, Commissioner Date 01/07/2004
 Agency Department of Health and Social Services

A SPECIAL REPORT

A New Direction

Alaska's Benefits to Seniors Rank Among the Nation's Best

"We know Alaska's richest resource is our people."

- Governor Frank H. Murkowski

Governor Murkowski has charged Alaska's Department of Health and Social Services with setting new and higher standards for meeting the health care and social services needs of Alaskans. In the past year the department has made some of the most sweeping and innovative changes in Alaska's state government. DHSS Commissioner Joel Gilbertson undertook a major reorganization to better serve all Alaskans in need.

The Governor met with seniors
at the State Fair

Self-Sufficiency, Safety Net and Access to Care

The work of the Department of Health and Social Services is guided by three core values: protecting each individual's right to live as self-sufficiently as possible; providing a safety net of services to those in the greatest need; and providing the broadest possible access to care. It is those core values that guide the department's work in serving seniors and in serving all Alaskans.



Division of Senior and Disabilities Services

One of the department's major initiatives in 2003 was to establish a new Division of Senior and Disabilities Services to care for seniors and the disabled in one agency. This division helps provide better access to a wide range of the services that seniors and people with disabilities need and deserve.

Making Hard Choices: Taking Care Of Those In Need

Governor Murkowski has said that one of the hardest decisions he had to make in 2003 was ending the Longevity Bonus program in order to redirect available financial resources to those seniors with the most serious needs. The Governor's commitment was to make sure seniors with the greatest need receive services. More than 1,100 elderly Alaskans who had been excluded from the Longevity Bonus program are among the 7,200 seniors now receiving needed assistance under the new Alaska Senior Assistance Program. The old program provided 18,000 of Alaska's 44,000 citizens over the age of 65 with monthly bonus checks, but deprived the other 26,000 of any such payment at all. And with eligibility for the old program based solely on date of birth – not on actual need – some of Alaska's most wealthy seniors got monthly checks, while others with significant needs got nothing. The new program provides funding for Alaskans in need who were not receiving any bonus payments. Of the 7,211 applicants qualifying for the new program, 6,072 had received the Longevity Bonus and 1,139 had not.

How We Compare To Other States

Alaska ranks near the top of the list of states in terms of services we provide to older residents. Alaska not only offers an array of services through the Department of Health and Social Services, but many other senior benefit programs as well. Property tax exemptions, sales tax exemptions, community service training and employment programs, hunting and fishing license exemptions, discounted ferry and Alaska Railroad

fares and driver's license discounts are all among the many ways the state shows respect and gratitude to older Alaskans who have helped make Alaska what it is today.

Introducing "SeniorCare" – A New Program For Alaska Seniors

Governor Murkowski believes that Alaskans should be provided the opportunity to direct and have access to necessary medical care as close to home and community as possible. The governor is committed to protecting access to prescription drugs for seniors, as well as providing better access to senior services. This commitment brought about some new services to help Alaska seniors in a program called "SeniorCare," which will provide help with prescription drugs, access to healthcare, and information about senior benefits, senior resources and referrals.



NEW! "SeniorCare"

The Senior Assistance Program has been brought under a new program called "SeniorCare." Eligible seniors will soon be provided an option to receive a prescription drug benefit in lieu of cash assistance as provided under the Senior Assistance Program. A prescription drug benefit will be offered to an additional group of eligible seniors needing assistance. The "SeniorCare" prescription drug benefit is anticipated to be offered April 2004, pending legislative approval.

NEW! "SeniorCare" Prescription Drug Benefit: Anticipated to start in April, this program will provide a bridge for seniors needing assistance until the new federal Medicare prescription drug program goes into effect in 2006. Seniors

who qualify for the Senior Assistance Program (135 percent of the poverty level), and who do not receive Medicaid prescription drug coverage, will be provided a choice between the new "SeniorCare" prescription drug subsidy of \$1,600 a year (prorated) or to continue with cash assistance. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the "SeniorCare" prescription drug benefit will have a combined benefit of \$2200 a year. Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1000 a year.

"SeniorCare" Senior Assistance Program: Currently, Alaskans 65 and older at 135 percent of poverty level can receive cash assistance of \$120 per month. By April, the seniors who qualify for this program will be offered a new option of receiving the "SeniorCare" prescription drug benefit in lieu of the cash benefit, for a total drug subsidy of \$2,200. With a higher income eligibility level than Adult Public Assistance, the Senior Assistance Program now helps over 7,600 seniors – about 15 percent of whom had never received the Longevity Bonus. Alaska will spend more than \$9 million on this program in the current fiscal year.

Total Medicaid Program Assistance: Prescriptions, medical care, hospitalization and other services are provided to more than 7,000 elderly eligible Alaskans at a cost of \$119.6 million a year. Alaska spends almost \$100 million on prescription drugs annually through Medicaid, with 25 percent annual cost increases expected in the future.

NEW! Medicaid Preferred Drug List: The Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The Preferred Drug List will protect Alaska low-income seniors' access to prescription drugs, and will provide a valuable resource for all seniors to compare prescription drug costs. Once approved, the list will be made available through the Alaska Senior Information Office, allowing seniors to work with their physicians to identify cost effective drugs that are right for them.

NEW! Senior Information Office: Find a one-stop resource and referral for benefits and services for seniors in the State of Alaska. Scheduled to be in place by mid-January, the Alaska Senior Information Office will provide a statewide toll-free telephone number for information on services available to seniors,

including: an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including "SeniorCare," prescription drug information and assistance for seniors.

Assistance with Medicare Costs for Low-Income Seniors: Premium, co-pay and deductible coverage is provided to those who qualify.

330 Clinics/Denali Commission: Federally funded clinics are being constructed in rural communities with assistance from the Denali Commission, to provide greater access for Medicaid and Medicare patients.

Other Programs for Alaska's Seniors

Please take a moment to learn about some of the other current programs that support Alaska's seniors.

Promoting self sufficiency and healthy behaviors

People should be provided the opportunity to be as independent and healthy as possible.

Long-Term Care Financial Assistance and Services

Home and Community-Based Programs: Seniors with dementia, those in rural areas, and other seniors in need are eligible for home- and community-based assistance programs. This program totals about \$4.6 million annually in state funding.

IMPROVED! Assisted Living Development Investment: We are working with the Denali Commission to develop community-based assisted living services in rural communities.

Older Alaskans Waiver Services: More than 1,350 seniors who are eligible for nursing home care chose to receive care at home instead. This program provides assistance to seniors who meet income criteria at a cost of about \$25.5 million each year.

Personal Care Attendant Program: People with functional impairments and who meet income eligibility requirements are served by this program, at a cost of \$21.8 million for seniors.

IMPROVED! Alaska Pioneers Homes: Alaska's licensed assisted living facilities in Fairbanks, Palmer, Anchorage, Juneau, Sitka and Ketchikan provide more than 600 beds for Alaska's seniors. A person age 65 with one year Alaska residency can qualify for the Pioneers Homes. Rates are subsidized for low-income seniors. Alaska provides these services at a cost of about \$35.7 million a year. Additionally, the state is proposing to invest more than \$3 million to upgrade the Alaska Pioneers Homes in the next fiscal year.

Assisted Living Licensing: More than 1,700 assisted living beds are available in approximately 150 homes. There is no income criterion for this program.

Nursing Homes: The state of Alaska provides assistance to almost 950 people, largely seniors, in need of nursing home or home- and community-based waiver services. The state spent about \$61.3 million in fiscal year ending June 30, 2003, on Medicaid nursing home services.

Transportation

Transportation services: Seniors and disabled residents get help in getting around town through local transportation services in communities statewide, such as AnchorRide in Anchorage, and Care-A-Van in Juneau. Alaska provides about \$1.3 million annually for this program.

Employment Services

Senior Community Service Training and Employment: This program offers vocational training and job placement services to low-income Alaskans age 55. The state provides \$1.6 million a year to support this effort.

Providing a safety net

Basic human needs should be met through a safety net of services in a safe and healthy community environment

Financial Assistance

Adult Public Assistance: This program can provide Alaskans age 65 and older with Medicaid coverage, and, for those meeting income eligibility guidelines, with monthly cash assistance to supplement SSI. The state pays about \$18.6 million annually for this program.

Food Stamps: This program helps ensure that those Alaskans meeting certain eligibility guidelines receive adequate nutrition. Almost 1,100 Alaska seniors receive \$2.4 million in food stamps each year.

Photo by Hall Anderson/Ketchikan Daily News



DHSS Commissioner Joel Gilbertson with seniors

Other financial assistance

Housing Assistance: The Alaska Housing Finance Corporation offers senior housing with rent limits for qualifying seniors.

Heating Assistance Program: This federally funded program helps low-income families, whether home owners or renters, meet the high costs of keeping their homes warm.

Assurance of Safety

IMPROVED! Adult Protective Services: This program provides vulnerable adults with assistance and targets seniors in need. The demand for this service continues to grow, and the department is reviewing ways to have other departments, such as Public Safety, work collaboratively in this effort. Alaska provides this service for about \$2 million a year.

Guardianships and Conservatorships: More than 850 adults take part in this program offered by the Office of Public Advocacy at a cost of \$1.6 million per year to the state.

Long Term Care Ombudsman: This office investigates reports concerning the well being and rights of seniors who live in long-term care facilities. The office also works to resolve concerns that those over age 60 may have with other services. The state spent \$208,000 on this service in the last fiscal year.

Services through Senior Centers

Senior Centers: State and federal grants help support 31 senior centers in Alaska.

Meal Transportation and Support: More than 100 Alaska communities receive help in providing nutritional services to those over age 60 at senior centers or similar centers, and through programs delivering meals to seniors' homes. Nutrition and health education is also provided. Alaska spends about \$5.8 million a year on these programs through the Alaska Commission on Aging.

FOR INFORMATION CALL: ALASKA SENIOR INFORMATION OFFICE

Statewide: 1-800-478-6065

Anchorage: 907-269-3680

Alaska Department of Health & Social Services Division of Senior and Disabilities Services



Comparison of Qualifications and Benefits

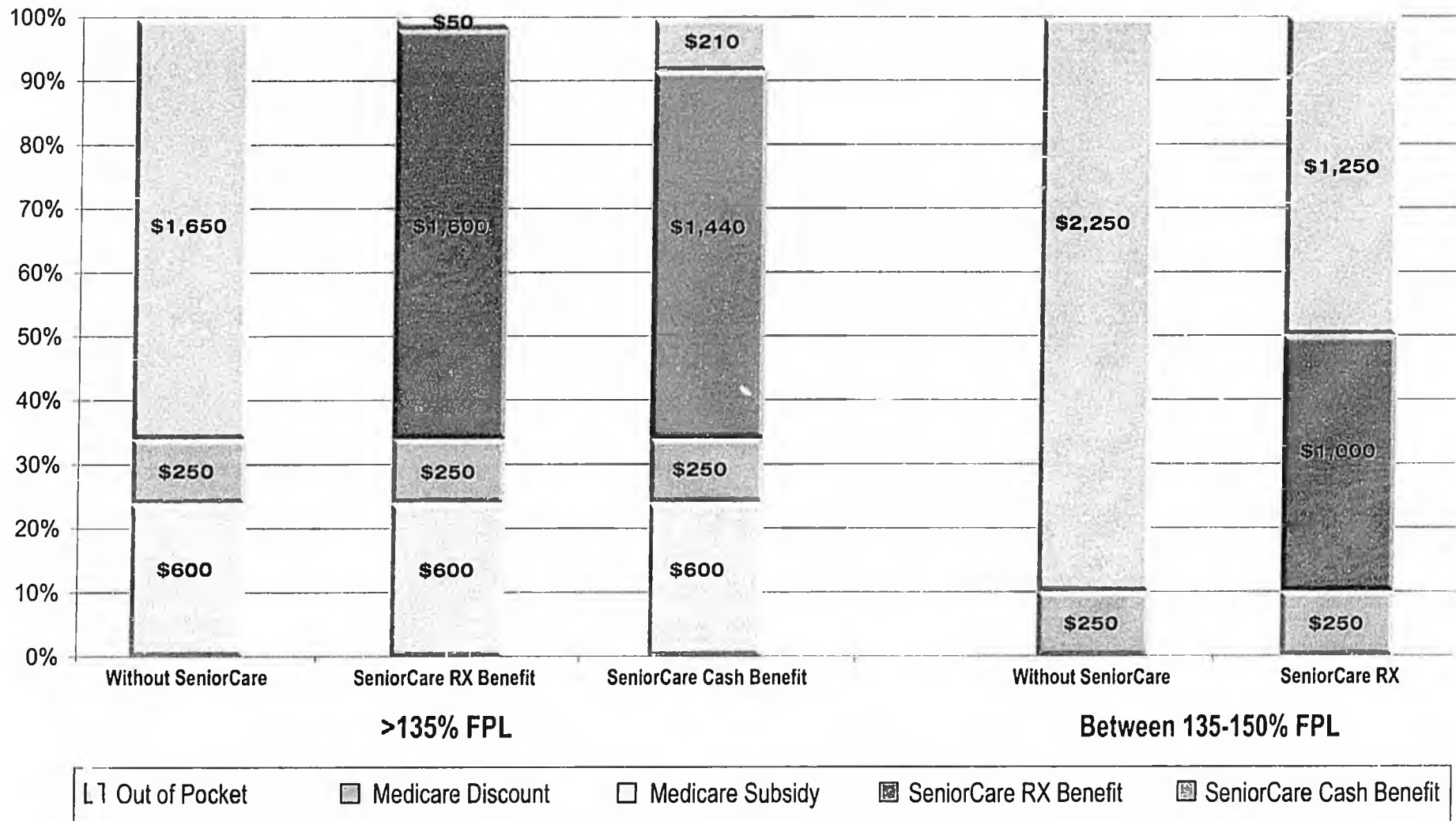
	SeniorCare Prescription Drug Subsidy	SeniorCare Cash Assistance Subsidy	SeniorCare Prescription Drug Subsidy
Qualifications	<ul style="list-style-type: none"> ➤ 135% of Poverty Level ➤ Annual Income below \$15,135 Single \$20,439 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple 	<ul style="list-style-type: none"> ➤ 135% of Poverty Level ➤ Annual Income below \$15,135 Single \$20,439 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple 	<ul style="list-style-type: none"> ➤ 135% to 150% of Poverty Level ➤ Annual Income below \$16,815 Single \$22,710 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple
SeniorCare Benefit April 2004 - December 2005	<ul style="list-style-type: none"> ➤ \$1,600 Annual Prescription Drug Subsidy (prorated) 	<ul style="list-style-type: none"> ➤ \$120 a month cash assistance (up to \$1,440 annual) 	<ul style="list-style-type: none"> ➤ \$1,000 Annual Prescription Drug Subsidy (prorated)
Medicare Benefit May 2004 - December 2005	<ul style="list-style-type: none"> ➤ Annual Medicare Subsidy \$600 ➤ Medicare drug discount 	<ul style="list-style-type: none"> ➤ Annual Medicare Subsidy \$600 ➤ Medicare drug discount 	<ul style="list-style-type: none"> ➤ Medicare drug discount



Bridging the Gap

Comparison of Benefits

\$2,500 Annual Rx Cost



LT Out of Pocket Medicare Discount Medicare Subsidy SeniorCare RX Benefit SeniorCare Cash Benefit

State of Alaska
Department of Health & Social Services

Frank H. Murkowski
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE



Joel Gilbertson
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FOR IMMEDIATE RELEASE: Dec. 17, 2003

**Governor announces SeniorCare, a new array
of services for Alaska seniors**

Prescription drug benefit, new services, better access to health care, information & resources to be offered

Juneau, Alaska – Governor Frank H. Murkowski today announced SeniorCare, a new proposed program to make prescription drugs more affordable for Alaska seniors. “SeniorCare will provide qualified seniors with a prescription drug benefit to assist in the purchase of needed medications,” Governor Murkowski said. SeniorCare will also include a new Senior Information Office and a Preferred Drug List to make prescription drugs more affordable. Seniors receiving the Alaska Senior Assistance Program can choose to continue receiving the cash assistance of \$120 a month instead of the drug coverage.

“SeniorCare will provide a bridge for those seniors most in need of assistance until the full Medicare prescription drug benefit begins in January 2006,” Governor Murkowski noted. “I will ask legislators to pass this legislation in January so that this benefit can begin in April 2004.” The Senior Assistance Program cash benefit was only budgeted in the current fiscal year and would end June 30 if the legislature takes no action, but will continue as an option until January 2006 if passed.

“SeniorCare will help low income seniors who do not otherwise qualify for public assistance – the people with greatest needs,” said Department of Health and Social Services Commissioner Joel Gilbertson. “However, we will provide a broader program that will help all seniors,” Gilbertson said. The new SeniorCare program will provide a one-stop senior resource and referral service, help with prescription drugs and access to healthcare, and work to lower the cost of prescription drugs.

Seniors who qualify for the Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage will be provided a choice – between the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined drug subsidy of \$2,200 a year.

-more-

Currently those seniors who qualify for the Senior Assistance Program earn less than \$15,134 annually, or if living with a spouse, earn less than \$20,439. To qualify, some assets are considered in the overall needs test.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple. New federal poverty guidelines will be released early in 2004 and income level guidelines may change.

Other new offerings under the SeniorCare program include completion of a Preferred Drug List and opening a Senior Information Office.

"My commitment to Alaska seniors is to protect their access to prescription drugs, and to provide them better access to senior services," Governor Murkowski said. "Alaska seniors want to get necessary medical care as close to home and community as possible, and they want the opportunity to direct that care to the maximum extent. These are important because they promote independent living at the highest level possible, and that's what SeniorCare is all about."

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most efficacious, cost-effective and safe. "The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them," Gilbertson said. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office.

"By mid January, our new Senior Information Office is going to be the single stop Alaska seniors will have to make for all resources and referrals they need," Governor Murkowski said. "This is an essential thing we can do to give Alaska seniors better customer service." The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance for seniors. The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

Current programs for seniors which will fall under SeniorCare include comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. About 7,000 eligible seniors receive prescription drugs, medical care, hospitalization and other services from the state at a cost of \$119.6 million a year. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

For more information, please contact

Sherry Hill
Special Assistant to the Commissioner
Department of Health and Social Services
Juneau Office: 907-465-1618
Anchorage: 907-269-7800
Cell: 907-321-2838

Ross Soboleff
Public Information Officer III
Department of Health and Social Services
(907) 465-1611



Frequently Asked Questions

Q: What is SeniorCare?

SeniorCare is a proposed array of services for Alaska seniors. SeniorCare bridges a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006, and provides a statewide senior information, resource and referral service available for all Alaska seniors.

In the current Senior Assistance Program, eligible seniors receive a cash benefit of \$120 per month to help with basic needs such as food, housing and medication. Starting in April 2004, a prescription drug subsidy will be available to these same Alaska seniors, if approved by the Alaska Legislature. In the program, certain eligible seniors will have the option of selecting either the prescription drug subsidy or the cash benefit. A prescription drug benefit will also be offered to an additional group of eligible seniors needing assistance.

Seniors who qualify for this year's Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage, will be provided a choice this spring. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple.

Other services offered through SeniorCare include a new Senior Information Office through the Division of Senior and Disabilities Services. This office will be a one-stop resource for information seniors need. The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance for seniors.

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most

efficacious, cost-effective and safe. The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office.

The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

Current programs for seniors which will fall under SeniorCare includes comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

Q: When will the SeniorCare prescription drug benefit be made available?

It is anticipated that the prescription drug subsidy will begin April 1, pending legislative approval, and it will be available until the full Medicare prescription drug benefits begin in January 2006.

Q: Who is eligible for the SeniorCare prescription drug subsidy or cash benefit?

The individual must be age 65, a US citizen or legal alien, a resident of Alaska, and must plan to remain in Alaska for the duration of the program. Those seniors opting for the prescription drug subsidy must also have the Medicare Drug card, once it is available, about May 2004.

Seniors with income below 135 percent of the federal poverty level (annual income less than \$15,134), and liquid assets of no more than \$4,000 will qualify for the program. Couples living together who are married may have an annual income of no more than \$20,439 and assets of no more than \$6,000. Seniors who qualify for the SeniorCare program and who do not receive Medicaid prescription drug coverage, will be able to choose cash assistance or the new SeniorCare prescription drug subsidy of \$1,600 a year (prorated).

Seniors with income between 135 percent and 150 percent of poverty level will also qualify for a prescription drug subsidy. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple. New federal poverty guidelines will be released early in 2004 and income level guidelines may change.

Q: Are all my income and assets counted for purposes of eligibility?

No. Permanent Fund Dividend income is not counted. Also, only liquid assets are counted. Liquid assets are cash or other resources that can easily be converted to cash. Liquid assets include cash, bank accounts, stocks, bonds, individual retirement accounts, money market certificates, cash value of life insurance, etc. A home, automobiles and other real property are not counted for purposes of eligibility.

Q: My spouse is over 65, but I'm not. Do we have to count my income and assets as well?

Yes. Eligibility is based on the combined income and assets of couples who are married and living together regardless of whether one or both is eligible to receive the benefit.

Q: I live in an assisted living home. Am I eligible for the Alaska SeniorCare Program?

Yes. Seniors living independently or in assisted living homes are eligible. You are not eligible if you are living in a nursing home or other institutional setting.

Q: Will SeniorCare prescription drug benefit cover all drugs?

No. The benefit will not cover over-the-counter drugs, vitamins, or any medical supplies currently not covered under Medicaid. This benefit will follow the current Medicaid formulary for seniors, so drugs normally not dispensed to seniors will not be covered under this program.

Q: How will SeniorCare prescription drug benefit work with Medicare and other insurance coverage?

SeniorCare will be the payer of last resort. Medicare and other insurance will be the first payer for prescription drugs, and the SeniorCare benefit will follow after the first benefits have been exhausted.

Q: Will I need to pay to sign up for the SeniorCare prescription drug benefit?

No. SeniorCare does not require an enrollment fee, co-payments for prescriptions or premium payments.

Q: Can I leave the state and still receive the benefit?

It depends. If you are only leaving temporarily and plan to remain an Alaska resident, you will remain eligible, though you may not be able to use your benefit while out of state.

However, if you intend to change your state of residence, the benefit will end. Other states are not offering the SeniorCare program.

Q: I receive Adult Public Assistance. Will I be eligible for the Alaska SeniorCare Program?

You are eligible for the cash assistance benefit, but if you are receiving Medicaid prescription drug coverage, you will not be eligible for the SeniorCare prescription drug subsidy.

Q: How can I apply for SeniorCare prescription drug or cash assistance?

Applications for the cash assistance Senior Assistance Program are currently available at Division of Public Assistance offices, at senior centers around the state, and at a variety of other community service agencies. Seniors who meet the eligibility criteria need apply only once by mail or online. The application asks for information about income and assets, and requires a signature to confirm the truthfulness of the statement given. No additional proof of income or assets will be required.

Application forms for the new prescription drug benefit will be available spring 2004 at the same outlets mentioned above and available on-line through the DHSS Web site.

Q: I am currently receiving the Senior Assistance Program cash benefit. How can I choose to receive the Alaska SeniorCare prescription drug benefit?

You will receive information on the new prescription drug option before the benefit is set to begin in April 2004. You will receive a form asking your preference. You will simply need to indicate your choice to switch to the new option and send it in.

Q: I have not yet applied for the Senior Assistance cash benefit. When I apply, how will I know if I've been found eligible for the program?

You will receive a written "notice of award" informing you that you are eligible, and when your benefit will begin.

Q: Once I begin receiving the Alaska SeniorCare prescription drug or cash benefit, is there anything I must do to maintain my eligibility for the benefit period?

You are required to report changes in mailing or residence address, the death of an individual receiving assistance, or admission or discharge from a nursing home or other institutional setting. We may periodically review eligibility.

Q: How long will SeniorCare benefits be offered?

Anticipated to begin in April 2004 pending approval by the Alaska Legislature, SeniorCare will bridge a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006. The SeniorCare prescription drug and cash benefit will end when the full Medicare prescription drug begins in January 2006.

Q: How many seniors does the state anticipate to participate in the SeniorCare prescription drug benefits?

Of the more than 47,000 seniors in Alaska, about 7,200 seniors are now receiving cash assistance under the Senior Assistance Program. A number of these seniors now receive prescription drugs, medical care, hospitalization and other services from the state. Seniors receiving Medicaid prescription drug coverage would not be able to receive SeniorCare prescription drug coverage, but would continue to qualify for the SeniorCare Senior Assistance Program cash assistance.

About 2,000 seniors who are enrolled in the Senior Assistance Program do not currently qualify for Medicaid services and would be able to choose to switch to the prescription drug benefit from the cash assistance. It is estimated that about 630 eligible seniors will choose to receive the SeniorCare prescription drug benefit.

Additionally, it is estimated that about 2200 seniors would fall within the 135 percent to 150 percent of the federal poverty level to qualify for the SeniorCare \$1,000 prescription drug benefit. It is estimated that all if not most of these eligible seniors will choose to receive the SeniorCare prescription drug benefit.

Q: How do I contact the SeniorCare Senior Information Office?

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

**Alaska Department of Health & Social Services
Division of Senior and Disabilities Services
SeniorCare Senior Information Office
Statewide: 1-800-478-6065
Anchorage (907) 269-3680
www.seniorcare.alaska.gov**

Senior CARE

Fact Sheet

SeniorCare is a proposed array of services for Alaska seniors. SeniorCare bridges a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006, and provides a statewide senior information, resource and referral service for all Alaska seniors.

Seniors who qualify for this year's Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage, will be provided a choice starting in April 2004 pending legislative approval. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$120 a month, which totals \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year.

Other services offered through SeniorCare include a new Senior Information Office through the Division of Senior and Disabilities Services. This office will be a one-stop resource for information seniors need. The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance.

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most efficacious, cost-effective and safe. The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office. The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

Current programs for seniors which will fall under SeniorCare include comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. About 7,000 eligible seniors receive prescription drugs, medical care, hospitalization and other services from the state at a cost of \$119.6 million a year. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

To be eligible for the two levels of SeniorCare benefits, a senior age 65 or older must meet the following eligibility criteria:

First Level: Seniors eligible to receive the \$1,600 Senior Care Prescription Drug Subsidy or \$1,440 Senior Assistance Program cash assistance:

- Individuals may have an annual gross income of up to \$15,134, couples a combined annual gross income of up to \$20,439 (below 135 percent of the federal poverty level). Permanent Fund Dividend income is not counted.
- Participants receiving Medicaid prescription drug coverage are only eligible for cash assistance, and are not eligible for the SeniorCare prescription drug benefit.

Second Level: Seniors eligible to receive the \$1,000 Senior Care Prescription Drug Subsidy only:

- Individuals may have an annual gross income of up to \$16,815, couples a combined annual gross income of up to \$22,710 (between 135 percent and 150 percent of the federal poverty level). Permanent Fund Dividend income is not counted.

Assets allowed:

- Individuals may have assets up to \$4,000, couples combined assets up to \$6000.
 - Assets not counted include a home, funds set aside for burial, automobiles, real estate and other real property.
 - Only liquid assets are counted such as cash and those assets easily converted to cash (e.g., stocks, bonds, IRAs, etc.).

For individuals, eligibility is based solely on their own income and assets. For married couples that are living together, eligibility is based on their combined income and assets regardless of whether one or both are 65 or older.

Other eligibility criteria:

- The senior must be a US citizen or legal alien, a resident of Alaska, and must intend to remain a resident of Alaska throughout the duration of the program.
- Only those seniors living independently (outside an institution such as a nursing home, Pioneer Home, API) are eligible.

Once they receive the benefit, recipients must report changes in residence, mailing address or the death of a spouse within 10 days.

The Benefit:

Seniors who qualify for this year's Senior Assistance Program, and who are not receiving Medicaid prescription drug coverage, will be provided a choice. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year.

How to Apply

Seniors who meet the eligibility criteria need apply only once by mail. The application asks for information about income and assets, and requires a signature to confirm the truthfulness of the statement given. No additional proof of income or assets is required.

If found eligible, the individual will receive written notice, and begin receiving the benefit following the month of application.

Applications for the current Senior Assistance Program are available at senior centers, libraries, offices of the Division of Public Assistance and at variety of other community agencies and at <http://www.hss.state.ak.us/dpa/>. Application forms for the new prescription drug benefit will be available spring 2004 at the same outlets.

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

Alaska Department of Health & Social Services
Division of Senior and Disabilities Services
SeniorCare Senior Information Office
Statewide: 1-800-478-6065
Anchorage (907) 269-3680
www.seniorcare.alaska.gov

SA 259

1-14-04

Many of our seniors has been hurt
badly by the loss of the Promised
Longevity Bonus, it was a large part
of our Prescription medicine and other
essentials. Reinstate the Program
as it was when the Promise was broken,
Consider also this money was spent right
here at home & circulates in ALASKA.

Fern Chamberlin

Box 109

Ph-907-262-4193

Sterling, AK

SB 259

1-14-04

Many of our seniors has been hurt badly by the loss of the Promised Longevity Bonus, I was a large part of our Prescription medicine and other essentials. Reinstated the Program as it was when the Promise was broken, Consider also this money was spent right here at home & circulates in ALASKA.

Sam E. McDowell

SB 259

1-14-04

Many of our seniors has been hurt badly by the loss of the Promised Longevity Bonus. It was a large part of our prescription medicine and other essentials. Reinstatement the Program as it was when the Promise was broken. Consider also this money was spent right here at home & circulates in ALASKA.

Mary K. Nelson Carl W. Mallick

262-2869

Box 797

Sterling, AK

SB 259

1-14-04

To Whom it may Concern

Yes I would like to see the
longevity fund back as it was
since that was a big part of my
income. I hope to have it
back soon

Lance B. Steyer
Po Box 467
Sterling AK 99682

JD 251

To the Legislature and Governor,

Jan 13, 2004

There are several reasons to reinstate the Longevity Bonus - First many seniors are in danger of losing their homes as they pay their mortgages of rent, and perhaps forcing them to move. Perhaps, to live with relatives or cheaper places. They will take their retirement out of the state completely and that money helps the economy.

Secondly, many of us are dying off a fast rate, thus reducing the annual payout -

Third many healthy and experienced seniors volunteer for activities that help their community, with schools etc -

Fourth, the state had a contract with the seniors to pay this out throughout our remaining years.

Many of us helped settle the state and paid taxes, and contributing to the economy for many years.

I have lived here since 1961 and am now an 83 year old widow one among many women living on greatly reduced income.

Hopefully, some of us will stay out of state subsidized nursing homes getting a big strain on medical funds -

I, among many love Alaska and wish to remain here the rest of my days. I do hope you will help me achieve this goal.

Thank you for your consideration.

Sincerely,

Dorothy M. Herapel
POB 288
Sterling AK
99672

(907) 262-6061

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/12/04

FURTHER: Finance

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

DATE TURNED
IN TO OFFICE: 1.14.04

Health, Education and Social Services Committee considered

SENATE BILL NO. 259

SB 259 SENIORCARE

"An Act establishing the SeniorCare program and relating to that program; and providing for an effective date."

and recommends:

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

Senate Bill:
 Same Title
 New Title

House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

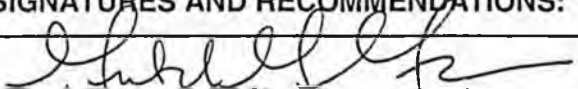

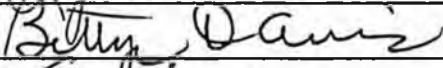
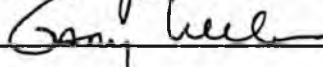
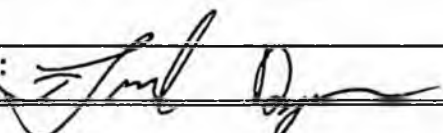
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	1/12/04	X			1
HSS	1/12/04	X			2
HSS	1/12/04	X			3
HSS	1/12/04	X			4
HSS	1/12/04	X			5

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
			✓	
	✓			
	✓			
	✓			
CHAIR: 	✓			



JAZON

State Of Alaska
Legislative Affairs Agency
Kenai LIO
145 Main St Lp Ste 217
Kenai, AK 99611
907-283-2030

Date: 1-14-04

Please accept the enclosed original(s) of written testimony for
the SHES teleconference hearing that was
scheduled on 1-14-04.

A copy of this testimony was transmitted to your committee via
fax on 1-14-04.

Thank you,

Kathleen Curran

SB

269

ALASKA STATE LEGISLATURE



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

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

SENATOR LYDA GREEN SENATE DISTRICT G

MEMO

DATE: 2/10/2004

To: Senate HESS
Senator Fred Dyson
Attn: Jason Hooley

From: Senator Lyda Green
Jacqueline Tupou

RE: Request for a hearing for Senate Bill 269
"An Act relating to access to the library records of a child by a parent or guardian."

I am requesting a hearing for Senate Bill 269, "An Act relating to access to the library records of a child by a parent or guardian," in Senate Health Education and Social Services. I have attached copies of the bill, sponsor statement, fiscal notes and supporting information. Thank you in advance for your time and attention in this matter.

JT
Questions....please feel free to call x3712

ALASKA STATE LEGISLATURE



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

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

SENATOR LYDA GREEN SENATE DISTRICT G

Sponsor Statement of Senate Bill 269

"An Act relating to access to the library records of a child by a parent or guardian."

Existing law states parents can have access to their children's library records at public school libraries, but does not specifically state the parents right to have access to their child's records at public libraries. Senate Bill 269 clarifies that parents do have the right access to their child's records at public libraries as well as at public school libraries.

This legislation addresses practical issues by allowing parents to know what materials their child has checked out in both public libraries and public school libraries. As a result, parents can ensure the materials are returned, fines are paid or replacements are purchased.

Senate Bill 269 clarifies current law to ensure parents can find out what books their children are reading in public libraries as well as public school libraries, thus solving logistical and moral problems encountered by families when children's library records are deemed confidential. This legislation allows parents to perform their most important role in life, that of being a parent.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 269(CRA)
 (S) Publish Date: 2/19/04

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act relating to access to the library records RDU CIVIL
of a child by a parent or guardian." Component Labor & State Affairs
 Sponsor Senator Green
 Requester Senate Community and Regional Affairs Component No. _____

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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 bill amends AS 40.25.140(b) by broadening the requirement that library records for a child under 18 years of age to be made available by the child's parent or guardian upon request. The change no longer limits the requirement to public elementary or secondary schools, but rather makes it applicable to any public library.

Passage of this legislation will have no foreseeable fiscal impact on the Department of Law.

Prepared by: Kathryn A. Daughhete, Director Phone 465-3673
 Division Administrative Services Date/Time 2/6/04 3:45 PM
 Approved by: Kathryn Daughhete for Gregg D. Renkes, Attorney General Date 2/6/2004
 Agency Department of Law

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 269(CRA)
 (S) Publish Date: 2/19/04

Revision Date/Time (Note if correction): _____ Dept. Affected: EED
 Title "An Act relating to access to the RDU
library records of a child by a parent or guardian." Component _____
 Sponsor Senator Green
 Requester _____ Component No. _____

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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)

Prepared by: Eddy Jeans, School Finance Manager Phone 907-465-8679
 Division ESS/School Finance Date/Time 2/17/04 8:55 AM
 Approved by: _____ Date 2/17/2004
 Agency Education & Early Development



U.S. Department of Education
 Ensuring educational excellence for all American learners



- Students
- Parents
- Teachers
- Administrators



Policy

GENERAL

Family Educational Rights and Privacy Act (FERPA)

General

Legislation

Regulations

Policy Guidance

Adult Education

Civil Rights

Elementary &
Secondary Education

Grants & Contracts

Higher Education

Research & Statistics

Special Education &
Rehabilitative Services

Vocational Education

The Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR Part 99) is a Federal law that protects the privacy of student education records. The law applies to all schools that receive funds under an applicable program of the U.S. Department of Education.

FERPA gives parents certain rights with respect to their children's education records. These rights transfer to the student when he or she reaches the age of 18 or attends a school beyond the high school level. Students to whom the rights have transferred are "eligible students."

- Parents or eligible students have the right to inspect and review the student's education records maintained by the school. Schools are not required to provide copies of records unless, for reasons such as great distance, it is impossible for parents or eligible students to review the records. Schools may charge a fee for copies.
- Parents or eligible students have the right to request that a school correct records which they believe to be inaccurate or misleading. If the school decides not to amend the record, the parent or eligible student then has the right to a formal hearing. After the hearing, if the school still decides not to amend the record, the parent or eligible student has the right to place a statement with the record setting forth his or her view about the contested information.
- Generally, schools must have written permission from the parent or eligible student in order to release any information from a student's education record. However, FERPA allows schools to disclose those records, without consent, to the following parties or under the following conditions (34 CFR § 99.31):
 - School officials with legitimate educational interest;
 - Other schools to which a student is transferring;
 - Specified officials for audit or evaluation purposes;
 - Appropriate parties in connection with financial aid to a student;
 - Organizations conducting certain studies for or on behalf of the school;
 - Accrediting organizations;
 - To comply with a judicial order or lawfully issued subpoena;
 - Appropriate officials in cases of health and safety emergencies; and
 - State and local authorities, within a juvenile justice system, pursuant to specific State law.

Schools may disclose, without consent, "directory" information such as a student's name, address, telephone number, date and place of birth, honors and awards, and dates of attendance. However, schools must tell parents and eligible students about directory information and allow parents and eligible students a reasonable amount of time to request that the school not disclose directory information about them. Schools must notify parents and eligible students annually of their rights under FERPA. The actual means of notification (special letter, inclusion in a PTA bulletin, student handbook, or newspaper article) is left to the discretion of each school.



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ALASKA STATE LEGISLATURE



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

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

SENATOR LYDA GREEN SENATE DISTRICT G

MEMO

DATE: 2/20/04

To: Members of the Senate HESS Committee

From: Senator Lyda Green

RE: Senate Bill 269
"An Act relating to access to the library records of a child by a parent or guardian."

The following story was one of many that have been brought to me by constituents and have prompted me to introduce Senate Bill 269:

An eight year old boy put several books from the children's section of the library on hold. Later in the week the library called to inform the boy one of his books was available. The mother, who was taking the message, asked which book, to be able to relay the title to her son. The library informed her that because of privacy laws they would not reveal any information to the mother on the books that her eight year old was checking out.

13 States allow parental access to their children's library records

5 States specifically say "school" library

Alabama 18 and under

Alaska

Louisiana 17 and under

Ohio 17 and under

New Mexico 17 and under

8 States specifically say "public" library

Colorado ("publicly-supported library") age 20 and under

Florida ("every public library") age 15 and under

Georgia ("a library") age 17 and under

South Dakota age 17 and under

Utah ("publicly-funded") age 17 and under

West Virginia ("any public library") age 17 and under

Wyoming ("library") age 17 and under

Virginia (not in state statute, but per Attorney General opinion.)

14 States specifically provide for students' library records to be private

Arkansas

Maryland

Montana

Nebraska

Illinois

Michigan

New Jersey

New York

North Carolina

Oklahoma * (but see section 65-1-105(B) -- may allow for disclosure in middle and elementary schools)

Pennsylvania

Rhode Island

South Carolina

Tennessee

23 States provide for public library records to be confidential, but have no laws specifically addressing the privacy of children's records from their parents. Therefore it would be up to the courts to weigh the parental rights versus the right of privacy. In similar circumstances, there are 4 instances of case law in favor of parental rights.

-HEAD-

Sec. 1232g. Family educational and privacy rights

-STATUTE-

(a) Conditions for availability of funds to educational agencies or institutions; inspection and review of education records; specific information to be made available; procedure for access to education records; reasonableness of time for such access; hearings; written explanations by parents; definitions

(1)(A) No funds shall be made available under any applicable program to any educational agency or institution which has a policy of denying, or which effectively prevents, the parents of students who are or have been in attendance at a school of such agency or at such institution, as the case may be, the right to inspect and review the education records of their children. If any material or document in the education record of a student includes information on more than one student, the parents of one of such students shall have the right to inspect and review only such part of such material or document as relates to such student or to be informed of the specific information contained in such part of such material. Each educational agency or institution shall establish appropriate procedures for the granting of a request by parents for access to the education records of their children within a reasonable period of time, but in no case more than forty-five days after the request has been made.

(B) No funds under any applicable program shall be made available to any State educational agency (whether or not that agency is an educational agency or institution under this section) that has a policy of denying, or effectively prevents, the parents of students the right to inspect and review the education records maintained by the State educational agency on their children who are or have been in attendance at any school of an educational agency or institution that is subject to the provisions of this section.

Subject: [Fwd: in support of SB 269]
Date: Tue, 10 Feb 2004 15:16:08 -0900
From: Lyda Green <Senator_Lyda_Green@Legis.state.ak.us>
Organization: Alaska State Legislature
To: Jacqueline Tupou <Jacqueline_Tupou@legis.state.ak.us>

Subject: in support of SB 269
Date: Tue, 10 Feb 2004 14:24:06 -0900
From: "Geary, Gini" <pnvig@matsu.alaska.edu>
To: <Senator_Lyda_Green@legis.state.ak.us>

Dear Ms. Green,

As a constituent of yours, I felt compelled to offer my opinion on your proposed amendments to SB 269. There has been considerable discussion among the library communities of Alaska on this topic and I believe you may receive e-mails from library professionals who are against your wording and take issue with what they deem to be infringement of First Amendment rights and personal civil liberties.

As a library employee and a mother, I do not feel your further clarification of an existing piece of legislation is detrimental to our freedoms. Parents are responsible for and can be held accountable for the actions of their dependent children. They may need to access this information in order to better assess any issues that may need to be addressed with their children. I personally support this effort and thank you for the excellent job you are doing in representing our community.

Thank you,

Gini Geary, M.A.E.

Interim Library Director

Adjunct Professor

Mat-Su College, UAA

P.O. Box 5001

Palmer, AK 99645

(907) 745-9735

Fax: (907) 745-9777

e-mail: pnvig@matsu.alaska.edu

Subject: Library issue

Date: Wed, 11 Feb 2004 10:52:08 -0900

From: Mary Bixby <MBixby@ci.wasilla.ak.us>

To: "Jacqueline_Tupou@legis.state.ak.us" <Jacqueline_Tupou@legis.state.ak.us>

Mayor Keller got her son, Seth, a library card when he was six or seven years old. She called the Library after he had checked out some books because she knew they must be about due to be returned. She asked the Library for the titles of the books so she and he could locate them but was told that they could not give her that information. The books then became overdue, at which time the Library did give her the titles of the books so they could be returned. The Mayor has since taken away her son's card and all books are checked out on HER card. She would like him to have his own card, but parents have a right to know what books are being checked out so they can teach their children the responsibility of having their own card and getting books returned on time.

Mary Bixby, City of Wasilla

Executive Assistant to

Mayor Dianne M. Keller

ph. 373-9055 fax 373-9096

email: mbixby@ci.wasilla.ak.us

Subject: RE: Parental Access to Library Records

Date: Mon, 23 Feb 2004 15:10:43 -0500

From: FERPA <FERPA@ed.gov>

To: 'Jacqueline Tupou' <Jacqueline_Tupou@Legis.state.ak.us>

This represents an informal response to your question presented in the email below. Under the Family Educational Rights and Privacy Act (FERPA), parents have the right to have access to their children's education records. "Education records" are defined as those records that are directly related to a student and maintained by a school. Thus, a student's school library records would generally be considered "education records" under FERPA. As such, a state law that prohibited parental access to such records would be in conflict with FERPA and, as such, would put at risk the State's U.S. Department of Education funds.

Ellen Campbell

Family Policy Compliance Office

www.ed.gov/offices/OII/fpco

-----Original Message-----

From: Jacqueline Tupou [mailto:Jacqueline_Tupou@Legis.state.ak.us]

Sent: Monday, February 23, 2004 2:50 PM

To: ferpa@ed.gov

Subject: Parental Access to Library Records

I am requesting a response to the following question:

Would legislation prohibiting parental access to public school library records for children under 18 be out of compliance with FERPA?

Thank you in advance for your time and effort in this matter.

Jacqueline F. Tupou
staff for Senator Lyda Green
Alaska State Senate
877-465-6601
or direct dial 907 465-3712

SENATE COMMITTEE REPORT

DATE: 2/19/04

FURTHER:

DATE TURNED
IN TO OFFICE: 2.23.04

Health, Education and Social Services Committee considered

SENATE BILL NO. 269

SB 269 PARENT ACCESS TO CHILD'S LIBRARY RECORDS

"An Act relating to access to the library records of a child by a parent or guardian."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 269 (CRA)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input type="checkbox"/> Same Title	
<input checked="" type="checkbox"/> New Title	
House Bill:	
<input type="checkbox"/> Same Title	
<input type="checkbox"/> Technical Title Change	
<input type="checkbox"/> New Title w/ SCR # _____	

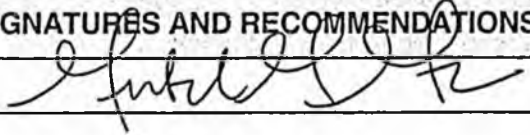
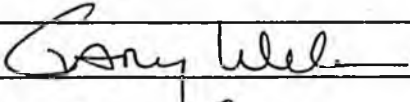
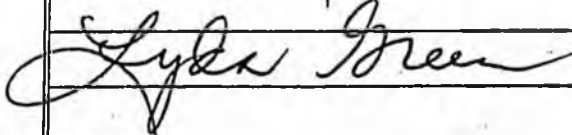
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#
LAW	2/6		X		1
EED	2/17		X		2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No R.C	AMEND
			✓	
	✓			
	✓			
CHAIR:				

Vice
Chair

SB

274

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 274
 (S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title AHFC Housing Assistance Loan RDU Alaska Housing Finance Corp.
Fund Component Operations
 Sponsor Rules Committee
 Requester Governor Component No. 110

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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 legislation would remove language establishing the housing assistance loan fund and replace it with language establishing the housing assistance loan program. Under the changes, AHFC would continue to originate, purchase, and refinance loans for small community housing as well as building materials for and renovations and improvement to small community housing.

This legislation would also replace highly restrictive provisions for teacher housing loans with more general provisions for multi-family housing where the multi-family residence may be either owner-occupied or nonowner-occupied, with no restrictions on the latter. This would result in replacing an ineffective program by providing financing for needed rural multi-family housing, including housing for teachers.

The expected loan activity increase with this program would be handled by current mortgage staff.

Prepared by: Bryan Butcher, Legislative Liaison/Special Assistant Phone 330-8445
 Division Alaska Housing Finance Corporation Date/Time 12/22/03 1:21 PM
 Approved by: Tom Boutin, Deputy Commissioner Date 12/22/2003
 Agency Department of Revenue



FRANK H. MURKOWSKI

GOVERNOR

GOVERNOR@GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

SB274
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

January 22, 2004

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 relating to the housing assistance loan fund in the Alaska Housing Finance Corporation, creating the housing assistance loan program, repealing loans for teacher housing, and providing loans for multi-family housing.

The bill would amend AS 18.56 to remove language establishing the housing assistance loan fund and replace it with language establishing the housing assistance loan program. Under the changes, the Alaska Housing Finance Corporation would continue to originate, purchase, and refinance loans for small community housing as well as building materials for and renovations and improvement to small community housing. Repayment of these loans would be directed to the Alaska Housing Finance Revolving Fund under AS 18.56.082.

The bill would replace highly restrictive provisions for teacher housing loans, which currently exist under AS 18.56.580 (Rural Teacher Housing Loan Program), with more general provisions for multi-family housing where the multi-family residence may be either owner-occupied or nonowner-occupied, with no restrictions on the latter. Further, the bill would replace an ineffective program by providing financing for needed rural multi-family housing, including housing for teachers. The bill would permit the Alaska Housing Finance Corporation to purchase, develop, participate, and refinance loans for multi-family housing, which would include residences with two or more units.

I urge your prompt and favorable action on this measure.

Sincerely yours,

Frank H. Murkowski
Governor

Enclosure

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 274
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: AHFC Housing Assistance Loan RDU: Alaska Housing Finance Corp.
Fund: _____ Component: Operations
Sponsor: Rules Committee
Requester: Governor Component No. 110

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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 legislation would remove language establishing the housing assistance loan fund and replace it with language establishing the housing assistance loan program. Under the changes, AHFC would continue to originate, purchase, and refinance loans for small community housing as well as building materials for and renovations and improvement to small community housing.

This legislation would also replace highly restrictive provisions for teacher housing loans with more general provisions for multi-family housing where the multi-family residence may be either owner-occupied or nonowner-occupied, with no restrictions on the latter. This would result in replacing an ineffective program by providing financing for needed rural multi-family housing, including housing for teachers.

The expected loan activity increase with this program would be handled by current mortgage staff.

Prepared by: Bryan Butcher, Legislative Liaison/Special Assistant Phone 330-8445
Division: Alaska Housing Finance Corporation Date/Time 12/22/03 1:21 PM
Approved by: Tom Boutin, Deputy Commissioner Date 12/22/2003
Agency: Department of Revenue



Headquarters:
4300 Boniface Parkway
Anchorage, AK 99504
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Mailing Address:
PO Box 101020
Anchorage, AK 99510

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

JAN 29 2004

Senate Bill 274

Senate Bill 274 will replace the Housing Assistance Loan Fund with a new Housing Assistance Loan Program. This bill will also repeal the Rural Teacher Housing Loan Program and replace it with a Rural Multi-Family Loan Program.

The Housing Assistance Loan Program

When the rural and energy efficiency programs of the Department of Community and Regional Affairs were merged into Alaska Housing Finance Corporation in 1992, the Corporation purchased the rural Housing Assistance Loan Fund (the "HALF") from the State for approximately \$200 million. The HALF is currently a revolving fund within the Corporation from which loan payments can only be used to purchase new loans under our rural loan program. That revolving feature has begun to cause liquidity concerns at AHFC.

With the Dividend plan written into Statute during the last legislative session with House Bill 256, the Corporation is obligated to pay dividends to the State General Fund of \$103 million for the next two fiscal years, and percentages of its Change in Net Assets (net income) thereafter. Since the HALF has only unleveraged assets in it, the percentage of AHFC's net income that is unavailable from which to make Dividend payments has grown with the Fund.

At June 30, 2003, there was \$544 million in assets in the Fund, with net income generated of \$25 million—in excess of 35% of the Corporation's total net income. That net income is included in the determination of the Dividend to be paid, but unavailable to actually make a payment. The result is the Corporation's working capital—the amount of liquid assets available for day-to-day mortgage purchases and operations of the Corporation—is declining at an accelerated rate.

In addition, the "revolving" fund hasn't really revolved for several years. The new loans made under the HALF have exceeded the amount of cash available in the Fund causing the Corporation to use its working capital to purchase and hold loans for reimbursement from the Fund as money becomes available.

What this legislation will allow the Corporation to do is to leverage those assets by selling bonds and replenish the working capital borrowed by the HALF. Without the legislation, the working capital of the Corporation will continue to be eroded to such a point that it will affect the other successful programs throughout the State.

Other than this change the program will continue to operate in the same way.



The Rural Multifamily Loan Program

Prior to 2002, a feature of the Rural Loan Program was a program called the Rural Non-Owner Occupied Loan Program (the "Program"). The Program accounted for approximately 2.5% of the Rural Loan Program activity. The Program provided loans for construction, purchase, or rehabilitation of rental units. The property could be rented to any tenant without regard to occupation, but the borrower could not occupy it.

Senate Bill 181 became law in 2002 and replaced the Program with the Rural Teacher Housing Loan Program (the "Teacher Program"). The Teacher Program provides loans for construction, purchase, or rehabilitation of housing that must be occupied by teachers and other education professionals. The properties may be owner occupied or non-owner occupied duplexes and above. Each unit must have at least one occupant who is employed as a teacher or other education professional in a public elementary or secondary school in a small community and holds a valid (unexpired) teacher certificate under AS 14.20 and 4 AAC 12.010-12.900.

If at any time before the loan is paid in full, the borrower fails to comply with the occupancy requirement of this section, the interest rate on the remaining balance of the loan amount will be increased to the AHFC Taxable Program rate in effect on the date the mortgage loan was submitted to the Corporation for commitment. Lenders are required to certify occupancy on an annual basis.

The Teacher Program became effective October 3, 2002 and since that time no loans have been made or committed to. It is surmised that the reason for this is three-fold: (i) the requirement that all units be occupied by a teacher or other education professionals; (ii) if tenants other than teachers or education professionals occupy a unit, the interest rate on the remaining balance of the loan amount will be increased as stated above; and (iii) the additional burden placed on a lender to certify occupancy on an annual basis.

Restricting the occupancy to only teachers or other educational professionals significantly increases the risk of the borrower; in that, it severely limits the universe of tenants to draw from. Additionally, it is very common that teachers and other educational professionals in rural areas leave the area for the summer and return in the fall when school starts. Therefore, unless the borrower can find other teachers or educational professionals to occupy the units, they will sit vacant until school begins. This in itself seriously affects the financial feasibility of the rental property but when combined with the restriction of renting to only teachers or other educational professionals, as well as the increased interest rate penalty in event the borrower has to rent to other than teachers or other education professionals to "make ends meet," creates a risk which apparently no borrower is willing to accept; therefore, resulting in an ineffective program.

This legislation will replace the Teacher Program with a Rural Multi-Family Loan Program which would be very similar to what the Rural Non-Owner Occupied program was but would allow the borrower to occupy the property. The Rural Non-Owner Occupied program has already proven to be effective. Additionally, to allow a borrower to occupy the property adds an attractive feature to the program. Finally, the occupation of the tenants would not be restricted and would include all occupations, including teachers and other educational professionals.



SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/23/04

FURTHER: Finance

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

DATE TURNED
IN TO OFFICE: 2.25.04

Health, Education and Social Services Committee considered

SENATE BILL NO. 274

SB 274 HOUSING PROGRAMS

"An Act relating to the housing assistance loan fund in the Alaska Housing Finance Corporation; creating the housing assistance loan program; repealing loans for teacher housing and providing for loans for multi-family housing; making conforming amendments; and providing for an effective date."

and recommends:

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

Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	12/22	None		✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

SB

277

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SECTIONAL ANALYSIS
SB 277/HB 404 (1/28/04)

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
1	ACPE authorized functions. 14.42.030(e)	1-3	7-1	Adds authority to establish and enforce collection orders on defaulted loans and provide for borrower appeals of collection orders.	Amended Language
2	Education loan fund. 14.42.210(a)	3	2-9	Conforming change to add revised grant program.	Amended Language
3	14.42.210(b)	3	10-19	Conforming change; by reference, specifically authorizes grant program funding.	Amended Language
4	Bonds of the corporation. 14.43.220(a)	4	20-31	Expand the use of bond proceeds to pay costs of state projects.	Amended Language
5	Conditions of loans. 14.43.120(u)	4	1-11	Makes determination of an origination fee a corporation function and automatically places fees into the education loan fund of the corporation.	Amended Language
6	Consolidation of loans. 14.43.122(a)	4	12-20	Increases flexibility for offering loan consolidation options.	Amended Language
7	Default. 14.43.145 (a)	4-5	21-5	Provides authority to establish a collection order as a means of recovering on defaulted loans.	Amended Language
8	Authority and procedure to administratively establish and enforce a collection order. 14.43.151	5	6-14	Describes administrative process for establishing a lien through a collection order.	New Language
	Initiation of administrative action to establish a collection order; required notice. 14.43.152	5-6	15-9	Steps for establishing collection order; notice to borrower.	
	Hearings in administrative action to establish a collection order; burden of proof. 14.43.153	6-7	10-2	Provides due process for borrower to contest establishment of collection order through administrative hearing.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
	Collection order as judgments. Sec. 14.43.154	7	3-7	Provides that collection order is equivalent to judgment.	New Language.
	Nature of remedies. 14.43.155	7	8-9	Provides that collection order is an alternate remedy to commission.	New Language
9	Purpose; creation. 14.43.161	7	10-15	Conforming change of trademark name.	Amended Language.
10	Repayment of loans. 14.43.166	7	16-25	Requires immediate repayment of consolidation loans.	Amended Language.
11	Default. 14.43.168(b)	7	26-28	Conforming change to incorporate new administrative collection order authority.	Amended Language
12	Creation, purpose. 14.43.170	7	29-7	Conforming change of trademark name.	Amended Language
13	Applicability of other laws. 14.43.171	8	8-13	Changes applicable cite to allow for consolidation of supplemental education loans.	Amended Language
14	Eligibility. 14.43.172(c)	8-9	14-5	Revised so borrower that has fully repaid a defaulted loan may be eligible for new loan without a cosigner.	Amended Language
15	Eligibility. 14.43.172(d)	9	6-11		
16	Purpose: creation. 14.43.400	9	12-20	Revised to rename and describe grant program.	Amended Language
17	Administration. 14.43.405(a)	9	21-24	Conforming change of name of grant program to be administered as provided in 14.42.030.	Amended Language
18	Applicability of other laws. 14.43.406	9-10	25-2	Conforms by incorporating reference to other aid programs, grant program residency requirement, confidentiality of financial need information, repayment for an ineligible recipient, and definitions.	New Language
19	Distribution of funds. 14.43.410	10	3-8	Conforming change of name of grant program.	Amended Language
20	4.43.410(b)	10	9-13	Revised to permit grants for half-time study.	New Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
21	Eligibility; priority. 14.43.415	10-11	14-6	Revised to require in-state attendance. Requires prioritization of eligible programs of study based on state workforce needs.	Amended Language
22	Limitation on grants. 14.43.420(a)	11	7-10	Revises minimum and maximum grant amounts.	Amended Language
23	14.43.420(c)	11	11-13	Sets maximum grant dollars per recipient.	New Language
24	Definitions. 14.43.500	11	14-28	Provides definitions of occupational fields for which a "shortage priority" may be given.	Amended Language
25	Loan terms and conditions. 14.43.740(a)	11-12	29-2	Removes student-specific loan maximum; permits loan consolidation and administrative collection from liens.	Amended Language
26	14.43.740(g)	12	3-5	Permits commission to set loan limits by regulation.	New Language
27	Definition. 14.43.990	12	6-12	Provide definition for AlaskAdvantage, the agency's service mark registered under the Trademark Act.	New Language.
28	Repayment condition for program participants. 14.44.040(c)	12	13-16	Conforming change to include new authority for collection order for defaulted WICHE PSEP loans.	Amended Language
29	Application of this chapter. General Provisions to state procurement code. 36.30.850(b)	12	17-21	Excludes contracts for electronic services entered into by the Commission and Corporation for financial aid administration.	Amended Language

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
30	Repealer section.	12	22-23	<p>Repeal AS 14.42.110. Purpose of corporation.</p> <p>Repeal AS 14.42.220(i), limits aggregate amount of bonds that can be issued in two consecutive years other than through legislation.</p> <p>Repeal 14.43.122(b). Limits consolidated loan interest rate to be weighted average of the interest rates on loans being consolidated.</p> <p>Repeal AS 14.43.145(b). Notification of default and consequences to borrower. Replaced in Sec. 8</p> <p>Repeal 14.43.145(c). Appeal process for borrower of notice of default. Replaced in Sec. 8</p> <p>Repeal 14.43.300(g). ACPE authority to set loan origination fee on memorial education loans. Duplicate language of 14.43.120(u) incorporated by reference.</p> <p>Repeal 14.43.405(b). Student aid provisions applicable to the grant program. Replaced in Sec. 18.</p> <p>Repeal 14.43.420(b). Allows grant to be used at accredited postsecondary educational institution, already stated in eligibility section 14.43.415. See Sec. 20.</p> <p>Repeal 14.43.500(1) Defines resident. Replaced in Sec. 18 by incorporating residency requirement of 14.43.162.</p> <p>Repeal 14.43.500(2) Defines undergraduate. Term not used in remaining text.</p>	Amending Language.
31	Transition language.	12	24-29	Authorization to promulgate regulations.	
32	Instructions to Revisor	12-13	30-6	Conforming changes to titles in Articles 5 and 8.	

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	TYPE OF CHANGE
33	Instructions to Regulations Attorney	13	7-13	Instructions to make conforming changes to insert "AlaskAdvantage" in regulations.	
34	Effective date section.	13	14	Providing for Sec. 5 to be effective January 1, 2005.	
35	Effective date section.	13	15-16	Providing for, except as stated in Sec. 34, this Act to have an immediate effective date.	

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

3030 VINTAGE BLVD.
JUNEAU, ALASKA 99801-7109
VOICE (800) 441-2962
In Juneau (907) 465-6740
TDD (907) 465-3143
FAX (907) 465-3293

January 26, 2004

VIA FACSIMILE TRANSMISSION

The Honorable Fred Dyson, Chair
Health, Education, and Social Services Committee
Alaska State Senate
State Capitol, Room 121
Juneau, Alaska 99801

JAN 27 2004

Dear Senator Dyson:

I am writing to formally request that Senate Bill 277, an act relating to the Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation, be scheduled for a hearing in your Committee.

SB277's objectives are to:

1. Broaden the scope of the Corporation's bonding authority;
2. Reconstitute the State student grant program to better focus on Alaska's workforce needs;
3. Provide the Commission with greater flexibility in offering loan consolidation options to borrowers;
4. Clarify the Commission's ability to administratively issue liens in the collection of defaulted education loans; and
5. Provide certain exemption from the State Procurement Code for services related to guaranteeing and disbursing education loans.

Thank you in advance for your consideration of this request. I am, of course, available to meet with you to discuss this in advance, or, alternatively, I have prepared a sectional analysis if that would be helpful.

Sincerely,



Diane Barrans
Executive Director

DB/dm



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

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

SB277
P.O. BOX 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

January 22, 2004

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 relating to the Alaska Commission on Post-secondary Education (ACPE) and the Alaska Student Loan Corporation (ASLC). This bill is a result of ASLC board members and management, in consultation with financial advisors, proposing a mechanism where (1) the state could optimize the use of its financial assets and deliver a greater return to Alaskans for its initial investment in ASLC and ACPE; and (2) continue to effectively administer ACPE/ASLC financial aid programs.

The bill would allow ASLC to issue bonds utilizing future cash flow that is in excess of that needed for effective and efficient operation of corporation programs. ASLC predicts it can return \$260 million to the state over a three-year period beginning in 2004; the proceeds from which would be available to finance capital projects.

The ASLC's primary mission is to support, promote, and provide access to postsecondary education for Alaskans. The objective of this legislation is to continue to serve that mission, but to do so in a way that permits ASLC to serve broader state interests through the efficient allocation of financial resources. As part of the development process, cash flow models were developed to ensure the corporation has and will continue to have the financial capacity to discount loan interest rates and deliver outstanding borrower benefits to its primary customers -- Alaska students and their families.

The bill establishes a "needs-based" grant program to be funded from corporate receipts and federal matching dollars. Grants must be used for qualified Alaska education programs focused on meeting Alaska's labor shortage needs. A priority is placed on students enrolled in programs of study (such as health care and education) where there is a severe shortage of trained individuals in Alaska.

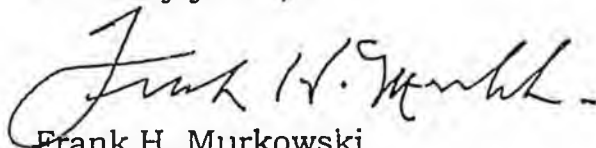
The Honorable Gene Therriault
January 22, 2004
Page 2

The bill also creates an "administrative collection order" and a process for establishment and use of such an order by ACPE. An administrative collection order would allow ACPE to establish a lien on borrower's property when that person has broken their promise to re-pay an education loan.

Finally, the bill exempts ACPE and ASLC contracts for disbursing and guaranteeing financial aid money from Alaska's procurement code. This creates efficiencies in the internal operations of ACPE and ASLC and meets the needs of participating post-secondary institutions (ACPE contracts with a guaranty agency and disbursing agents to electronically guarantee and/or disburse financial aid money for students to colleges and universities).

I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

Governor's transmittal letter dated January 22:

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Commission on Post-secondary Education (ACPE) and the Alaska Student Loan Corporation (ASLC). This bill is a result of ASLC board members and management, in consultation with financial advisors, proposing a mechanism where (1) the state could optimize the use of its financial assets and deliver a greater return to Alaskans for its initial investment in ASLC and ACPE; and (2) continue to effectively administer ACPE/ASLC financial aid programs.

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The bill establishes a "needs-based-grant" program to be funded from corporate receipts and federal matching dollars. Grants must be used for qualified Alaska education programs focused on meeting Alaska's labor shortage needs. A priority is placed on students enrolled in programs of study (such as health care and education) where there is a severe shortage of trained individuals in Alaska.

The bill also creates an "administrative collection order" and a process for establishment and use of such an order by ACPE. An administrative collection order would allow ACPE to establish a lien on borrower's property when that person has broken their promise to re-pay an education loan.

Finally, the bill exempts ACPE and ASLC contracts for disbursing and guaranteeing financial aid money from Alaska's procurement code. This creates efficiencies in the internal operations of ACPE and ASLC and meets the needs of participating post-secondary institutions (ACPE contracts with a guaranty agency and disbursing agents to electronically guarantee and/or disburse financial aid money for students to colleges and universities).

I urge your prompt and favorable action on this measure.

Sincerely yours,

/s/

Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 277
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Education
Title An Act relating to ACPE; relating to ASLC; relating RDU ACPE
to bonds of the corporation; relating to loan and grant programs... Component Program Administration & Operations
Sponsor Rules Committee
Requester Governor Component No. 2738

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	120.0	120.0	120.0	120.0	120.0	120.0
Miscellaneous						
TOTAL OPERATING	120.0	120.0	120.0	120.0	120.0	120.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts	120.0	120.0	120.0	120.0	120.0	120.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	120.0	120.0	120.0	120.0	120.0	120.0

Estimate of any current year (FY2004) cost: 0.0

Check 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 bill would allow the Alaska Student Loan Corporation (ASLC) to issue bonds and use the proceeds for purposes other than the sole funding of financial aid programs currently authorized in law. This creates a mechanism for the ASLC to return money, not otherwise required to fund core agency programs, to the state through financing of state capital projects. As of this date, the ASLC anticipates utilizing this mechanism to return approximately \$260.0 million to the state over a three-year period beginning in FY2004.

This bill also would create an administrative collection order to be used for establishing a lien on property belonging to a borrower who has defaulted on an education loan.

This bill also amends the state's needs-based grant program so that grants may only be awarded to

Prepared by: Sheila King, Financial Officer Phone 465-6757
Division Finance Date/Time 12/12/03 10:28 AM
Approved by: Diane Barrans, Executive Director *Diane Barrans* Date 12/12/2003
Agency Alaska Commission on Postsecondary Education

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 277

ANALYSIS CONTINUATION

students attending qualified education programs in Alaska and authorizes the Alaska Commission on Postsecondary Education to give preference to students enrolled in programs of study required for entry into Alaska's labor shortage areas. This bill authorizes the ASLC to fund this financial aid program from corporate receipts, as they may be available, and to use those corporation funds to leverage an additional \$120,000 in federal matching dollars. The ASLC currently anticipates funding up to approximately \$600,000 in grants per year beginning in FY2005.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 277
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title ASLC Return Funds to State RDU Investments (122)
Component Investments
Sponsor Rules
Requester By Request of the Governor Component No. 383

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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 legislation has no fiscal impact on the operations of the division.

Prepared by: Greg Winegar, Director Phone (907) 465-2510
Division Investments Date/Time 12/12/03 4:22 PM
Approved by: Edgar Blatchford, Commissioner Date 12/12/2003
Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 277
(S) Publish Date: 1/23/2004

Revision Date/Time (corrected): 12/12/03 12:42pm Dept. Affected: Administration
Title: An act relating to the Alaska Commission on Postsecondary RDU: Centralized Administrative Services
Education: relating to an exemption from the State Procurement Code... Component: Purchasing
Sponsor: Rules
Requester: Governor Component No.: 60

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill would exempt Alaska Commission on Postsecondary Education contracts for guaranteeing and disbursing financial aid money to institutions of postsecondary education from the State Procurement Code (AS 36.30).

Bill has no fiscal impact.

Prepared by: Vern Jones, Chief Procurement Officer
Division: General Services
Approved by: Mike Miller, Commissioner
Agency: Administration

Phone: (907)465-5684
Date/Time: 12/15/03 10:00 AM
Date: 12/15/2003

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB277-EED-ACPE-1-30-04
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education
 Title An Act relating to ACPL; relating to ASLC; relating RDU ACPE
to bonds of the corporation; relating to loan and grant programs... Component Program Administration & Operations
 Sponsor Rules Committee
 Requester (S) HES Component No. 2738

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	120.0	120.0	120.0	120.0	120.0	120.0
Miscellaneous						
TOTAL OPERATING	120.0	120.0	120.0	120.0	120.0	120.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (bond proceeds)	75,000.0	*	*			
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts	120.0	120.0	120.0	120.0	120.0	120.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	120.0	120.0	120.0	120.0	120.0	120.0

Estimate of any current year (FY2004) cost: 0.0
 Check 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 bill would allow the Alaska Student Loan Corporation (ASLC) to issue bonds and use the proceeds for purposes other than the sole funding of financial aid programs currently authorized in law. This creates a mechanism for the ASLC to return money, not otherwise required to fund core agency programs, to the state through financing of state capital projects. As of this date, the ASLC anticipates utilizing this mechanism to return approximately \$260.0 million to the state over a three-year period beginning in FY2004. *Amounts for FY06 and FY07 will be determined next year.
 This bill also would create an administrative collection order to be used for establishing a lien on property belonging to a borrower who has defaulted on an education loan.
 This bill also amends the state's needs-based grant program so that grants may only be awarded to

Prepared by: Sheila King, Financial Officer Phone 465-6757
 Division Finance Date/Time 1/30/04 1:01 PM
 Approved by: Diane Barrans, Executive Director Date 1/30/2004
 Agency Alaska Commission on Postsecondary Education

FISCAL NOTE

**STATE OF ALASKA
2004 LEGISLATIVE SESSION**

BILL NO. SB277-EED-ACPE-1-30-04

ANALYSIS CONTINUATION

students attending qualified education programs in Alaska and authorizes the Alaska Commission on Postsecondary Education to give preference to students enrolled in programs of study required for entry into Alaska's labor shortage areas. This bill authorizes the ASLC to fund this financial aid program from corporate receipts, as they may be available, and to use those corporation funds to leverage an additional \$120,000 in federal matching dollars. The ASLC currently anticipates funding up to approximately \$600,000 in grants per year beginning in FY2005.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: **SB277-DOLWD-WIB-1-27-04**
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: **Labor and Workforce Development**
 Title: **Student Loan Programs** RDU: **Business Partnerships**
 Component: **Workforce Investment Board**
 Sponsor: **Rules Committee**
 Requester: **Governor** Component Number: **2659**

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: None

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)

There is no anticipated fiscal impact to the department as a result of this legislation.

Prepared by: Katherine Farnham, Director Phone 269-7490
 Division: Business Partnerships Division Date/Time 1/27/04 8:47 AM
 Approved by: Greg O'Claray, Commissioner Date 1/27/2004
 Agency: Department of Labor and Workforce Development

23-GS2003D

Cook

2/9/04

CS FOR SENATE BILL NO. 277()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred:**

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Commission on Postsecondary Education; relating to the**
2 **Alaska Student Loan Corporation; relating to bonds of the corporation; relating to loan**
3 **and grant programs of the commission; relating to an exemption from the State**
4 **Procurement Code regarding certain contracts of the commission or corporation;**
5 **making conforming changes; and providing for an effective date."**

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

7 *** Section 1. AS 14.42.030(e) is amended to read:**

8 (e) The commission may

9 (1) adopt regulations under AS 44.62 (Administrative Procedure Act)

10 to

11 (A) carry out the purposes of

12 (i) AS 14.43.091 - 14.43.750, 14.43.990, AS 14.44, and

13 AS 14.48; and

1 (ii) AS 14.43.910 and 14.43.920 as they relate to the
2 purposes of AS 14.43.091 - 14.43.750, 14.43.990, AS 14.44, and
3 AS 14.48; [AND]

4 (B) ensure compliance with the requirements imposed by state
5 and federal statutes and regulations governing the guaranty, insurance,
6 purchase, or other dealings in eligible loans by federal agencies,
7 instrumentalities, or corporations; and

8 (C) establish standards for the

9 (i) administration of hearings conducted under
10 AS 14.43.153; and

11 (ii) administrative enforcement of collection orders
12 under AS 14.43.151 - 14.43.155;

13 (2) delegate to the executive director of the commission or a
14 subcommittee of the commission any duty imposed on or power granted to the
15 commission by this chapter, AS 14.43, AS 14.44, or AS 14.48, except its power to
16 adopt regulations and its duty to consider appeals under AS 14.43.100(b) and
17 AS 14.48.120;

18 (3) establish task forces, committees, or subcommittees, not
19 necessarily consisting of commission members, to advise and assist the commission in
20 carrying out its functions;

21 (4) contract with or use existing institutions of postsecondary
22 education or other individuals or organizations to make studies, conduct surveys,
23 submit recommendations, or otherwise contribute to the work of the commission;

24 (5) establish fees for the review of an out-of-state institution that

25 (A) requests approval for participation in the programs under
26 AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44; and

27 (B) is not accredited by a national or regional accreditation
28 association recognized by the Council for Higher Education Accreditation; and

29 (6) collect all fees and costs incurred in collection of the amount owed
30 on a loan or repayment obligation if the loan or repayment obligation becomes
31 delinquent or in default; in this paragraph, fees and costs include attorney fees, court

1 costs, and collection fees charged by a collection agency.

2 * Sec. 2. AS 14.42.210(a) is amended to read:

3 (a) The education loan fund is established in the corporation. The education
4 loan fund is a trust fund to be used to carry out the purposes of AS 14.42.100 -
5 14.42.990, AS 14.43.091 - 14.43.175, 14.43.400 - 14.43.500, 14.43.600 - 14.43.700,
6 14.43.710 - 14.43.750, 14.43.990, and AS 14.44.025. The fund consists of money or
7 assets appropriated or transferred to the corporation for the fund and money or assets
8 deposited in it by the corporation. The corporation may establish separate accounts in
9 the fund.

10 * Sec. 3. AS 14.42.210(b) is amended to read:

11 (b) Money and other assets of the education loan fund may be used to

- 12 (1) secure bonds of the corporation;
- 13 (2) pay the costs of administration of the fund;
- 14 (3) invest in education loans and investments under AS 37.10.071;
- 15 (4) finance programs approved under AS 14.43.091 - 14.43.175,
16 14.43.400 - 14.43.500, 14.43.600 - 14.43.700, 14.43.710 - 14.43.750, or
17 AS 14.44.040; and
- 18 (5) pay the costs of administering and collecting the loans and
19 repayment obligations under the financial aid programs listed in (4) of this subsection.

20 * Sec. 4. AS 14.42.220(a) is amended to read:

21 (a) The [SUBJECT TO (f) OF THIS SECTION, THE] corporation may
22 borrow money and may issue bonds, on which the principal and interest are payable
23 from its income and receipts or other assets or a designated part or parts of them. The
24 corporation may use the proceeds of its bonds for any purposes that the
25 corporation considers appropriate, including providing money to

- 26 (1) make or purchase education loans;
- 27 (2) finance programs identified in AS 14.42.210;
- 28 (3) finance projects of the state as those projects may be identified
29 by law; and
- 30 (4) pay for any other purpose or program of the corporation that
31 is authorized in AS 14.42.100 - 14.42.310.

1 * Sec. 5. AS 14.42.220 is amended by adding a new subsection to read:

2 (g) The corporation may not issue bonds to finance projects under (a)(3) of
3 this section in an aggregate amount that exceeds \$280,000,000.

4 * Sec. 6. AS 14.43.120(u) is amended to read:

5 (u) The corporation [COMMISSION] by regulation shall set a loan
6 origination fee, not to exceed five percent of the total education loan amount, to be
7 assessed upon an education loan that is funded from the education loan fund of the
8 corporation [ALASKA STUDENT LOAN CORPORATION]. The loan origination
9 fee shall be deducted by the commission at the time the loan is disbursed. The
10 [SUBJECT TO APPROPRIATION, THE] loan origination fees shall be deposited into
11 an origination fee account within the education loan fund of the corporation
12 [ALASKA STUDENT LOAN CORPORATION], and subsequently used by the
13 corporation to offset losses incurred as a result of death, disability, default, or
14 bankruptcy of the borrower.

15 * Sec. 7. AS 14.43.122(a) is amended to read:

16 (a) The commission may offer

17 (1) a borrower who has received more than one education loan
18 [UNDER AS 14.43.091 - 14.43.160] the option of consolidating the multiple loans
19 into a single loan; or

20 (2) to consolidate education loans made [UNDER AS 14.43.091 -
21 14.43.160] to married borrowers if the married borrowers agree to be jointly and
22 severally liable for repayment of the consolidated loan, regardless of the borrowers'
23 future marital status or the death of one of the borrowers.

24 * Sec. 8. AS 14.43.145(a) is amended to read:

25 (a) For the purposes of this chapter, a loan is in default after a loan payment
26 has become 180 or more days past due or, for a loan under AS 14.43.161 - 14.43.168
27 or 14.43.170 - 14.43.175, the default requirements established by the commission have
28 been met. Upon default,

29 (1) repayment of the remaining balance is accelerated and due;

30 (2) the commission may take the borrower's permanent fund dividend
31 under AS 43.23.067;

1 (3) the commission may issue an order to withhold and deliver under
2 AS 14.43.147;

3 (4) the commission may provide notice of the default to a licensing
4 entity for nonrenewal of the license under AS 14.43.148; [AND]

5 (5) the commission may record the lien created under AS 14.43.149;
6 and

7 (6) the commission may establish an administrative collection
8 order under AS 14.43.151 - 14.43.155.

9 * Sec. 9. AS 14.43 is amended by adding new sections to read:

10 **Sec. 14.43.151. Authority and procedure to administratively establish and**
11 **enforce a collection order.** If a judgment in favor of the commission has not been
12 entered by the court regarding a defaulted loan awarded under this chapter, the
13 commission may establish a duty to repay the defaulted loan through a collection order
14 using the procedures prescribed in AS 14.43.152 - 14.43.155 and may enforce the
15 collection order using the procedure prescribed in AS 14.43.149. Action under this
16 section may be undertaken at the commission's discretion if the borrower is in default
17 under AS 14.43.145.

18 **Sec. 14.43.152. Initiation of administrative action to establish a collection**
19 **order; required notice.** (a) An action to establish a collection order authorized under
20 AS 14.43.151 is initiated by the commission's serving on the borrower a notice of
21 establishment of collection order. The notice shall be served by mailing the notice to
22 the borrower at

23 (1) the borrower's most recent address provided to the commission by
24 the borrower; or

25 (2) another address known to the commission.

26 (b) The notice served under (a) of this section must state

27 (1) the amount of the liability for default under AS 14.43.145 for
28 which the borrower is found to be responsible; the amount stated under this paragraph
29 shall include all principal, interest, and collection fees;

30 (2) that a lien may be recorded against the borrower's property as
31 authorized under AS 14.43.145(a)(5);

1 (3) that the borrower may appear at a hearing held by the commission
2 and show cause that a collection order should not be entered because, at the time of the
3 notice,

4 (A) no loan payment was more than 180 days past due or, for a
5 loan under AS 14.43.161 - 14.43.168 or 14.43.170 - 14.43.175, the default
6 requirements established by the commission had not yet been met; or

7 (B) the borrower had entered into, or was in compliance with,
8 an agreement to forbear default with the commission; and

9 (4) that, if the borrower served with the notice does not request a
10 hearing within 30 days after the date of mailing of the notice, a collection order will be
11 entered and the property of the borrower will be subject to a lien under AS 14.43.149
12 in the amount stated in the collection order without further notice or hearing.

13 **Sec. 14.43.153. Hearings in administrative action to establish a collection**
14 **order; burden of proof.** (a) A borrower served with a notice of establishment of
15 collection order under AS 14.43.152 is entitled to a hearing before the commission if
16 the request for a hearing is served on the commission by registered mail, return receipt
17 requested, within 30 days after the date the notice is mailed to the borrower.

18 (b) If a request for a hearing in accordance with (a) of this section is made, the
19 issuance of a collection order is automatically stayed pending the decision of the
20 hearing officer for the commission. If a request for a hearing is not made, the
21 collection order is final at the expiration of the 30-day period specified in (a) of this
22 section.

23 (c) A borrower claiming that the notice is incorrect has the burden at hearing
24 to document the existence of one of the conditions described in AS 14.43.152(b)(3)(A)
25 and (B).

26 (d) Within 60 days after the date of the hearing, the hearing officer shall enter
27 a decision determining whether default has occurred and, if default has occurred,
28 specifying the amount of the collection order and declaring that the property of the
29 borrower is subject to a lien under AS 14.43.149 in the amount of the collection order.

30 (e) If the borrower who requested the hearing fails to appear at the hearing, the
31 hearing officer shall enter a decision

- 1 (1) confirming that a default has occurred;
2 (2) confirming the amount of the collection order;
3 (3) declaring that the property of the borrower is subject to a lien under
4 AS 14.43.149 in the amount stated under (2) of this subsection.

5 (f) The decision of the hearing officer is a final decision that may be appealed
6 to the superior court under the Alaska Rules of Appellate Procedure.

7 **Sec. 14.43.154. Collection orders as judgments.** A collection order is
8 equivalent to a judgment for purposes of AS 14.43.149 and becomes vested

9 (1) at the expiration of the 30-day period described in AS 14.43.153(b)
10 if a hearing is not requested; or

11 (2) on the date the hearing officer enters a decision in favor of the
12 commission if a hearing was requested by the borrower.

13 **Sec. 14.43.155. Nature of remedies.** AS 14.43.154 provides a remedy in
14 addition to and not as a substitute for any other remedies available to the commission.

15 * **Sec. 10.** AS 14.43.161 is amended to read:

16 **Sec. 14.43.161. Purpose; creation.** There is established the AlaskAdvantage
17 [ALASKA ADVANTAGE] loan program to provide postsecondary educational
18 financial assistance through the federal guaranteed student loan program. The
19 AlaskAdvantage [ALASKA ADVANTAGE] loan program is the primary source for
20 financial aid to eligible borrowers under this chapter.

21 * **Sec. 11.** AS 14.43.166 is amended to read:

22 **Sec. 14.43.166. Repayment of loans.** A borrower's obligation to commence
23 repayment of the principal and interest on a loan under AS 14.43.161 - 14.43.166 and
24 14.43.168 [AS 14.43.161 - 14.43.168] begins six months after the borrower's
25 completion or other termination of the postsecondary education program. The
26 commission may accelerate the repayment of any loan made in error or in reliance
27 upon a false statement made by the borrower. The commission shall determine the
28 period over which loans are repaid; however, the maximum period of repayment of
29 loans may not exceed the maximum period permitted under applicable provisions of
30 the federal guaranteed student loan program.

31 * **Sec. 12.** AS 14.43.168(b) is amended to read:

1 (b) The provisions of AS 14.43.145 - 14.43.155 [AS 14.43.145 - 14.43.150]
2 apply to loans under AS 14.43.161 - 14.43.168 that are in default.

3 * **Sec. 13.** AS 14.43.170 is amended to read:

4 **Sec. 14.43.170. Creation; purpose.** There is created the Alaska supplemental
5 education loan program to provide postsecondary educational supplemental financial
6 assistance. Supplemental financial assistance is available only if the financial aid
7 available through the AlaskAdvantage [ALASKA ADVANTAGE] loan program is
8 insufficient to cover the costs of attendance at a postsecondary institution or if the
9 borrower does not qualify for financial aid under the federal guaranteed student loan
10 program. The commission shall make the public aware of the Alaska supplemental
11 education loan program to facilitate providing loans to as many eligible borrowers as
12 possible.

13 * **Sec. 14.** AS 14.43.171 is amended to read:

14 **Sec. 14.43.171. Applicability of other laws.** The provisions of
15 AS 14.43.120(d)(4), 14.43.122, 14.43.135, 14.43.140, 14.43.145 - 14.43.160,
16 14.43.164, 14.43.166, and 14.43.168 [AND 14.43.166 - 14.43.168] apply to the loans
17 made under AS 14.43.170 - 14.43.175 as if the loans were made under those
18 applicable provisions.

19 * **Sec. 15.** AS 14.43.172(c) is amended to read:

20 (c) In addition to the provisions of (a) of this section, a borrower is eligible for
21 a loan under AS 14.43.170 - 14.43.175 if the borrower

22 (1) is not delinquent in payment [ON AND HAS NEVER BEEN IN
23 DEFAULT] on a loan previously awarded by the commission;

24 (2) at the time of application or loan disbursement, does not have a
25 past due child support obligation established by court order or by the child support
26 enforcement division under AS 25.27.160 - 25.27.220;

27 (3) has not, within the previous five years, had a loan discharged or
28 written off by the commission for any reason;

29 (4) does not have a status, at the time of application for a loan or
30 disbursement of loan money, that would prevent the borrower from repaying the loan
31 as it becomes due;

1 (5) has not, within the previous five years, defaulted on another loan
2 made to the borrower by a lending entity unless the borrower can show good faith
3 efforts to repay the loan and extraordinary circumstances that led to the default;
4 [AND]

5 (6) does not have a credit history, at the time of application for a loan,
6 that demonstrates chronic inability or unwillingness to pay an extension of credit or
7 loan as it becomes due; and [.]

8 (7) has [AS] complied with the military selective service registration
9 requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if
10 those requirements were applicable to the person.

11 * Sec. 16. AS 14.43.172(d) is amended to read:

12 (d) The commission may not make a loan to a borrower who has been in
13 default on a loan previously awarded by the commission unless [IF

14 (1)] the previously awarded loan has been paid in full [; AND

15 (2) ANOTHER INDIVIDUAL WHO SATISFIES THE
16 REQUIREMENTS OF (c) OF THIS SECTION COSIGNS THE LOAN].

17 * Sec. 17. AS 14.43.300(a) is amended to read:

18 (a) An education loan to a recipient under AS 14.43.250(b)(1) - (4) or (6) may
19 not exceed \$2,500 a school year for an undergraduate student or \$5,000 a school year
20 for a graduate student [, EXCLUSIVE OF LOAN GUARANTEE FEES UNDER (g)
21 OF THIS SECTION,] and may not be made to a student for more than six years. An
22 education loan to a recipient under AS 14.43.250(b)(5) may not exceed the cost of
23 tuition and required fees, [LOAN GUARANTEE FEES UNDER (g) OF THIS
24 SECTION,] books and educational supplies, room and board, and transportation for
25 two round trips between the recipient's home and school each year. A loan under
26 AS 14.43.250(b)(5) may not be made for more than five years of undergraduate study,
27 five years of graduate study, or a combined maximum of eight years of study.

28 * Sec. 18. AS 14.43.400 is amended to read:

29 **Sec. 14.43.400. Purpose; creation.** There is created [ESTABLISHED] the
30 Alaska Advantage ed^uation [ALASKA STATE EDUCATIONAL INCENTIVE]
31 grant program to provide financial assistance to eligible students to enable them to

1 attend, or continue their attendance at, postsecondary educational institutions. Funds
2 designated by the corporation or appropriated for this program may [SHALL] be
3 used as matching funds for the state's participation in the federal [STATE STUDENT
4 INCENTIVE] grant program under 20 U.S.C. 1070c - 1070c-4 [(P.L. 92-318: 20
5 U.S.C. 1070C - 1070C-3)].

6 * Sec. 19. AS 14.43.405(a) is repealed and reenacted to read:

7 (a) The AlaskAdvantage education grant program created under AS 14.43.400
8 - 14.43.500 shall be administered by the executive director of the commission.

9 * Sec. 20. AS 14.43 is amended by adding a new section to read:

10 **Sec. 14.43.406. Applicability of other laws.** (a) To the extent they are not in
11 conflict with the provisions of AS 14.43.400 - 14.43.500, the provisions of
12 AS 14.43.162(b), 14.43.910, and 14.43.920 apply to a grant made under AS 14.43.400
13 - 14.43.500.

14 (b) In determining a student's eligibility for a grant under AS 14.43.400 -
15 14.43.500, the executive director of the commission shall apply the standards
16 contained in the definitions of "full-time student," "half-time student," and "school
17 year" in AS 14.43.160 as if those provisions were applicable to application for the
18 grant.

19 * Sec. 21. AS 14.43.410 is amended to read:

20 **Sec. 14.43.410. Distribution of funds.** The funds [APPROPRIATED] for the
21 AlaskAdvantage education [EDUCATIONAL INCENTIVE] grant program may
22 [SHALL] be allocated to eligible students in accordance with the provisions of the
23 federal [STATE STUDENT INCENTIVE] grant program under 20 U.S.C. 1070c -
24 1070c-4 and regulations adopted under AS 14.43.105 and 14.43.405.

25 * Sec. 22. AS 14.43.410 is amended by adding a new subsection to read:

26 (b) The commission may set aside a portion of grant awards for otherwise
27 eligible applicants whose employment prevents them from attending school on a full-
28 time basis. The commission shall adopt regulations to carry out the purposes of this
29 subsection.

30 * Sec. 23. AS 14.43.415 is repealed and reenacted to read:

31 **Sec. 14.43.415. Eligibility; priority.** (a) For an applicant to be eligible for a

1 grant under AS 14.43.400 - 14.43.500, the applicant must be

2 (1) a resident of this state;

3 (2) enrolled or about to be enrolled

4 (A) at an institution approved to participate in federal financial
5 aid programs under 20 U.S.C. 1070 - 1099c-2, as amended, located in this
6 state; and

7 (B) on at least a half-time basis; and

8 (3) able to demonstrate financial need in accordance with standards for
9 determining financial need established by the commission under 20 U.S.C. 1070c-2, as
10 amended.

11 (b) The commission shall give an applicant eligible under (a) of this section
12 priority for a grant award if that applicant is, or is about to be, enrolled in a program of
13 study that is preparatory for employment in an occupation or profession for which the
14 Department of Labor and Workforce Development, or another workforce data source
15 selected as reliable by the commission, indicates there is a severe shortage of trained
16 individuals in this state. Additionally, the commission may give an applicant priority
17 for a grant award if that applicant has participated in a secondary education program
18 of study that can be demonstrated to the commission to be a predictor for success at
19 the postsecondary education level for a program of study described in this subsection.
20 For purposes of this subsection,

21 (1) "occupation or profession" means a job for which specific
22 postsecondary certification is a prerequisite for entry-level placement;

23 (2) "severe shortage" means a current or recurring job vacancy rate of
24 15 percent or greater, as determined by the Department of Labor and Workforce
25 Development or by another workforce data source determined reliable by the
26 commission.

27 (c) The commission shall adopt regulations to establish a prioritization process
28 for awarding grants under AS 14.43.400 - 14.43.500.

29 * Sec. 24. AS 14.43.420(a) is amended to read:

30 (a) A grant made under AS 14.43.400 - 14.43.500 may not be in an amount
31 less than \$500 [\$100] nor more than \$2,000 [\$1,500] for each school [ACADEMIC]