

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672  
11144 SENATE HEALTH, EDUCATION & SOCIAL SERVICES

# ALASKA STATE HOUSE OF REPRESENTATIVES

**Interim Address:**

**3340 Badger Road, Suite 290  
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**Session Contact:  
(907)-465-3719  
FAX# (907)-465-3258  
State Capitol  
Room 204**

## REPRESENTATIVE JOHN COGHILL

### SPONSOR STATEMENT

#### CSHB 425(EDU) SECONDARY BOARDING SCHOOLS

HB 425 puts into statute DOE's current practice. This legislation supports existing programs that are successful. Under this bill a student would not have to pass the current entrance standards. The bill would give students a choice of going to a school that something different to offer than may be available in their hometown.

This legislation by statute reimburses to full school year secondary boarding schools costs incurred by the district operating the program.

The legislation limits the program to schools already operating boarding schools on January 1, 2004.

There are five boarding schools that would qualify for reimbursement for a per-pupil stipend and one round trip between the student's community of residence and the school during the school year if the district expends money for the trip.

These schools will participate in a five-year pilot project that the Department of Education will evaluate for the legislature.

The hold harmless section of this bill allows a student's district of residence to count a student for the ADM count even though the student is attending a secondary boarding school. This avoids the possibility of paying the base allocation twice for the same student.

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## REPRESENTATIVE JOHN COGHILL

### Sectional For Committee Substitute for House Bill 425(EDU)

#### Section 1.

(a) Provides that a school district that was operating a secondary boarding school prior to January 1, 2004 could be reimbursed for the cost of operating the boarding school providing they have a suitable student dormitory and provide daily access to a public school offering the grades 9-12 classes.

(b) The district can be reimbursed for a per-pupil stipend determined by the Department of Education and for one round trip per student that travels from their community.

(c) Defines district as "a city or borough school district or a regional educational attendance area.

Also defines district secondary school boarding program as " a public school operated for a full school year by a district in which the domiciliary services are provided for students in grades nine through 12. The full school year was added to the language in the Special Committee on Education and this resulted in a reduction in the fiscal note of \$227,700.

#### Section 2.

Provides a hold harmless clause for school districts that have children move out of the district to attend a secondary boarding school. The students moving from the district would be counted in the average daily membership of the home district.

#### Section 3.

This is a sunset clause that repeals the substance of this bill on July 1, 2009.

#### Section 4.

Puts into place an effective date of July 1, 2004.

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS HB 425  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
 Title: "An Act relating to funding for school districts RDU: K-12 Support  
operating secondary school boarding programs..... Component: Boarding Home Grants  
 Sponsor: Representative Coghill  
 Requester: House HESS Component No.: 148

**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	1,179.0	1,179.0	1,179.0	1,179.0	1,179.0	
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

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

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,179.0	1,179.0	1,179.0	1,179.0	1,179.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>1,179.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This Act would make a stipend available to districts currently providing a residential boarding home program. The stipend would be used for one round trip ticket per year for any boarding home student to travel within the state to attend the school in the district with the dormitory.

The restrictions on students who come from communities that have daily access to an appropriate grade would be removed until July 1, 2009.

A community with an ADM of less than 10 will still be counted as a school if the decline is due to students enrolling in another district's secondary school boarding program.

Prepared by: Eddy Jeans, School Finance Manager Phone 465-8679  
 Division: Education and Support Services Date/Time 3/10/04 9:10 AM  
 Approved by: \_\_\_\_\_ Date 3/10/2004  
 Agency: Education & Early Development

Alaska Department of Education & Early Development

Residential Programs

Prepared 2/27/04 by Elwin Blackwell Updated 3/10/04

District	Community	Capacity	Monthly Stipend	Yearly Cost	Estimated Round trip	Annual Airfair	Estimated Grant	Comments
Galena	Galena*	92	577	477,756	800	73,600	551,356	180 day program
Lower Kuskokwim	Bethel	35	490	154,350	500	17,500	171,850	180 day program
Nenana	Nenana	96	472	407,808	500	48,000	455,808	180 day program
Totals		223		1,039,914		139,100	1,179,014	

Iditarod	Takotna	40	490					Inactive program
Northwest Arctic	Kotzebue	40	577					Inactive program
Nome - Beltz HS.	Nome	40	577					2 week Voc-Ed program

\*Galena's capacity was reduced by the 8 students that they are currently being reimbursed for under the Boarding Home program.

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FEB 26 2004



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(907) 832-2000 \*\*\* fax: 832-5277  
[dormprincipal@nenana.ncsd.schoolaccess.net](mailto:dormprincipal@nenana.ncsd.schoolaccess.net)

Senator Gary Wilken  
State Capitol, Room 518  
Juneau, AK 99801-1182

February 19, 2004

Dear Senator Wilken,

Thank you for allowing students from the NSLC and myself the opportunity to meet with you and your staff last month. I do appreciate the cordial way that you greeted us and received our request for your support of House Bill 425.

During the course of our discussion you mentioned an apparent discrepancy in figures that we used to show state savings of ADM monies that resulted from students attending the Nenana City Public School system. Thank you for providing the report entitled K-12 Public Education School Operating Fund. I have re-worked those figures using the table on tab 15 (State revenue per student) in your publication. I included only those monies that come from the state general fund. I have included the original table that included all monies received from the state and a revised table including only those monies coming from the general fund.

I was pleased to note that both tables show a substantial saving to the state. I am hoping that you consider these savings when considering the elements of House Bill 425. I am available to provide any additional information and data that you may require in considering this proposal.

Thanks again for your interest and hospitality. Your efforts are appreciated!

Sincerely,

A handwritten signature in cursive script, appearing to read 'Ralph Lindquist'.

R. Lindquist  
Dean of Students

Enclosures

Cc: John Coghill, Nenana City School Board, Interested parties

School Year 2003-04

TABLE "B" LISTING ONLY THOSE MONIES TAKEN FROM STATE GENERAL FUND

NAME	COMMUNITY	SCHOOL DISTRICT	STATE REVENUE	SAVINGS
Agwiak, Arielle	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Agwiak, Lois	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Alexie, Carlie	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Alexie, Caroline	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Alexie, Kristie	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Alexie, Matthew	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Allen, Roberta	Arctic Village	Yukon-Flats School District	\$13,269.00	\$9,321.00
Anelon, Myrtle	Levelock	Lake & Peninsula Borough SD	\$13,990.00	\$10,042.00
Attie, Michael	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
Benjamin, Anna	Shageluk	Iditarod Area School District	\$9,380.00	\$5,432.00
Benjamin, Devin	Shageluk	Iditarod Area School District	\$9,380.00	\$5,432.00
Berg, Kelly	Eagle River	Home School	n/a	\$0.00
Blatchford, Alma	Unalakleet	Bering Straits Schools	\$8,092.00	\$4,144.00
Brinkham, Afton	Eagle	Alaska Gateway School District	\$10,042.00	\$6,094.00
Brooks, Erin	Fort Yukon	Yukon-Flats School District	\$13,269.00	\$9,321.00
Brooks, Leah	Fort Yukon	Yukon-Flats School District	\$13,269.00	\$9,321.00
Brook, Molly	Fort Yukon	Yukon-Flats School District	\$13,269.00	\$9,321.00
Burnham, Heather	Kaltag	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
Busch, Arthur	Russian Mission	Lower Yukon School District	\$7,720.00	\$3,772.00
Busk, Friedrich	Alexander Creek	Mat-Su Borough School District	\$5,071.00	\$1,123.00
Christiansen, Heidi	Old Harbor	Kodiak Island Borough Schools	\$5,412.00	\$1,464.00
David, Christopher	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
David, Elizabeth	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
David, Lucy	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
Dayton, Elizabeth	Koyukuk	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
Dayton, Susan	Koyukuk	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
Demientieff, Arvin	Holy Cross	Iditarod School District	\$9,380.00	\$5,432.00
Demientieff, Chasity	Holy Cross	Iditarod School District	\$9,380.00	\$5,432.00
Demientieff, Clinton	Holy Cross	Iditarod School District	\$9,380.00	\$5,432.00
Esmailka, Danielle	Kaltag	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
Esmailka, Derrick	Kaltag	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
Esmailka, Megan	Kaltag	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
George, Kendra	St. Mary's	St. Mary's School District	\$11,439.00	\$7,491.00
Gochenauer, Harry	Wasilla	Mat-Su School District	\$5,071.00	\$1,123.00
Gochenauer, Tyler	Wasilla	Mat-Su School District	\$5,071.00	\$1,123.00
Ignatin, Jonyssa	Old Harbor	Kodiak Island Borough Schools	\$5,412.00	\$1,464.00
Igkurak, Lance	Kongiganak	Lower Kuskokwim Schools	\$9,752.00	\$5,804.00
Igkurak, Laura	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
Igkurak, Letha	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
Ivon, Isiah	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
John, Kacey	Arctic Village	Yukon-Flats School District	\$13,269.00	\$9,321.00
Jones, Maggie	Washington State	n/a	n/a	\$0.00
Kriska, Julie	Koyukuk	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
Lindquist, Abigail	Palmer	Matanuska Christian School	n/a	\$0.00

Moon, Amy		Anchorage School District	\$4,197.00	\$249.00
Nicholas, Shaylene	Kaltag	Yukon-Koyukuk School District	\$11,769.00	\$7,821.00
Otto, Rachael	Kongiganak	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
Peters, Kimberly	Holy Cross	Iditarod School District	\$9,380.00	\$5,432.00
Peters, Madeline	Holy Cross	Iditarod School District	\$9,380.00	\$5,432.00
Phillip, Emilda	Alakanuk	Lower Yukon School District	\$7,720.00	\$3,772.00
Phillip, Emmilda	Alakanuk	Lower Yukon School District	\$7,720.00	\$3,772.00
Rawls, Savannah	Kokhanok	Lake & Peninsula Borough SD	\$13,990.00	\$10,042.00
Rychnosky, Kimberly	Newhalen	Lake & Peninsula Borough SD	\$13,990.00	\$10,042.00
Shewfelt, Russell	Fort Yukon	Yukon-Flats School District	\$13,269.00	\$9,321.00
Solari, Roberta	Beaver	Yukon-Flats School District	\$13,269.00	\$9,321.00
Sorensen, Daniel	Alexander Creek	Home School	n/a	\$0.00
Standifer, Mary Jane	Tyonek	Kenai Peninsula Borough School	\$4,485.00	\$537.00
Stephan, Robert Jr.	Tyonek	Kenai Peninsula Borough School	\$4,485.00	\$537.00
Stephan, Sally	Tyonek	Kenai Peninsula Borough School	\$4,485.00	\$537.00
Tickett, Andrew	Shungnak	Northwest Arctic Borough S. D.	\$9,142.00	\$5,194.00
Tritt, Donetta	Lower Kalskag	Kuspuk School District	\$9,887.00	\$5,939.00
Tritt, Sheena	Lower Kalskag	Kuspuk School District	\$9,887.00	\$5,939.00
Trochun, Ronnie	Old Harbor	Kodiak Island Borough Schools	\$5,412.00	\$1,464.00
Tweto, Jessica	St. Mary's	St. Mary's School District	\$11,439.00	\$7,491.00
Waskey, Eusebius	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Waskey, Marie-Jean	Mtn. Village	Lower Yukon Schools	\$7,720.00	\$3,772.00
Wassillie, Laura	Kokhanok	Lake & Peninsula Borough SD	\$13,990.00	\$10,042.00
Wassillie, Sally	Kasigluk	Lower Kuskokwim Schools	\$9,762.00	\$5,814.00
Wisecarver, Ian	Wasilla	Mat-Su Borough School District	\$5,071.00	\$1,123.00
Witt, Georgia	Galena	Galena City School District	\$4,222.00	\$274.00

**TOTAL ADM MONIES SAVED 2003-04 (\*)**

**\$358,939.00**

**NENANA CITY SCHOOLS, ADM = \$3948.00**

The source of the data used in the above chart was  
 compiled from the following  
 INFORMATIONAL REPORTS: SCHOOL  
 DISTRICTS' REVENUE ANALYSIS OF REVENUE  
 SOURCES FOR FISCAL YEAR 2002/2003 (School District  
 Reports) Published by Gary Wilken - October 3, 2003  
 (Tab 16) This reflects General Fund revenue monies (only)  
 contributed to local ADM's

# Fairbanks Daily News-Miner

## Coghill bill looks at boarding stipends

By TOM MORAN

Saturday, February 14, 2004 - News-Miner Juneau Bureau

JUNEAU--House Majority Leader John Coghill, R-North Pole, has introduced a bill that would offer additional state money to school districts that operate boarding schools.

House Bill 425, which Coghill introduced on Feb. 4, would let such school districts claim a stipend for each pupil in their respective boarding schools in order to help pay boarding expenses and also to pay for students' transport to and from the school at the beginning and end of the school year. The bill would add to a more limited stipend system in place today.

Coghill said he introduced the bill based on discussions with the Nenana school. He said he doesn't know whether there would be support for the bill in a state Legislature focused on a tight budget.

"I'm still going around looking for support, because it does have a cost to it," he said. "Before I begin the discussion of where we get the money from, I want to find out if there's support for looking for that money."

According to Eddy Jeans, school finance manager for the state Department of Education, the state already provides stipends ranging from \$460 to \$562 per student per month, plus the plane fare, to districts that operate boarding schools. But those only apply to students who do not have public high schools in their own districts. Coghill's proposal would apply those stipends to all students who attend boarding schools, even those who have the option of attending school at home.

"The proposal mirrors the current system," Jeans said. "The big thing here is that distinction of whether or not the kids have a secondary program in their home community."

Jeans said the purpose of the money would go to help the districts pay the additional costs of housing students.

"We don't have a program that provides school districts with (money to support) the residential side of a boarding school environment," he said.

Coghill's bill would apply to boarding schools in Nenana, Galena, Takotna, Bethel, Nome and Kotzebue, but not to Mount Edgecumbe in Sitka, which is run by the state.

The stipend received by the schools would vary regionally and be determined by the Department of Education. The measure doesn't have any specific numbers attached to it, but according to department estimates, the added stipends would cost about \$1.79 million per year, including \$445,000 for Nenana and \$586,000 for Galena. The current stipend program costs \$185,000 a year, so the whole program would run almost \$2 million.

In addition, the bill would allow school districts and schools to stay open if their student counts drop below state minimums solely because a student or students leave to attend state boarding schools.

Coghill said more work needs to be done on the bill, but said he wanted to drop it in it before this year's Feb. 15 deadline for introducing personal legislation.

"Really, all I'm looking for is trying to figure out what are all their needs, because I've only talked to the Nenana one," he said.

Jeans said the Department of Education has not taken a position on the bill at this point and said he expected legislators' reaction to it would depend on whether they could come up with the money while still meeting Gov. Frank Murkowski's budget goals.

The bill has been referred to the House Education, Finance, and Health, Education and Social Services committees.

Reporter Tom Moran can be reached at [tmoran@newsminer.com](mailto:tmoran@newsminer.com) or (907) 463-4893.

# City of Nenana

PO Box 70  
Nenana, Alaska 99760  
Phone number  
907-832-5441  
Fax number  
907-832-5503

<b>Send to: State Capitol</b>	<b>From: Jason P. Mayrand Mayor, City of Nenana</b>
Attention: Rep. John Coghill	Date: 4 Mar 04
Office Location:	Office Location: Nenana City Office
Fax Number: 907-465-3258	Phone Number: 907-832-5501

Total pages, including cover: 1

**Comments:**

Rep. John Coghill

Mr. Coghill,

The results are in regarding participating facilities in the residential boarding home program.

Below is the estimated cost for the program as the State Statues read. If the Bill was to pass, this amount would be a best guess for annual cost. This directly affects 190 students (Nenana and Galena).

Nome-Beltz	No program	\$0	
Kotzebue	No Program	\$0	
Bethel	No Program	\$0	
Galena	Yes	\$585,800	
Nenana	Yes	<u>\$445,440</u>	
	<b>Total</b>	<b>\$1,031,240</b>	<b>-about \$5,428 per student</b>

The other programs that were in existence were contacted and they said that they were not interested in opening again.

Nenana currently saves the State \$383,000 in reduced ADM per year on average.

Galena is preparing similar statistics to determine the savings their facility generates.

I will send them as soon as we get them.

Jason

Alaska Department of Education

Residential Programs

Prepared 11/17/03

District	Community	Capacity	Monthly Stipend	Yearly Cost	Estimated Round trip	Annual Airfair	Estimated Grant
1 X Galena	Galena	100	562	505,800	800	80,000	585,800
X Iditarod	Tkotna	40	477	171,720	500	20,000	191,720
2 X Lower Kuskokwim	Bethel	25	477	107,325	500	12,500	119,825
3 X Nenana	Nenana	96	460	397,440	500	48,000	445,440
Nome - Beltz HS.	Nome	40	562	202,320	500	20,000	222,320
Northwest Arctic	Kotzebue	40	562	202,320	500	20,000	222,320
Totals		341		1,586,925		200,500	1,787,425

STATE OF ALASKA  
DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

BOARDING HOME PROGRAM

Application Instructions and Payment Rates Effective  
July 1, 2003 Through June 30, 2004

- I. Legal References: AS 14.07.030(2) and 4 AAC 09.050.
- II. Eligibility:
  - A. Secondary school students who do not have daily access to a school of the appropriate grade level by being transported a reasonable distance are eligible for the program. Such students qualify for state assistance under the provisions of 4 AAC 09.050.
  - B. The school district receiving a student is responsible for providing the following:
    1. Housing, meals and out-of-school supervision.
    2. Round-trip transportation.
    3. Daily access to a school offering the appropriate grade level program.
  - C. Placement of secondary students outside their district of residence requires a Memorandum of Agreement, form 05-96-022, signed by both districts, and a Resolution passed by the school board of the sending district explaining why such students cannot be educated at a school within their district of residence.
- III. Applications for State Reimbursement:
  - A. The district in which the student resides will prepare the basic application, which consists of the following two forms, submitted together, and completed as indicated:
    1. Boarding Home Program Report, Form 05-96-021.
      - a. Enter school district name and fiscal year at the top.
      - b. Complete column A using the budget instructions in paragraph V.
      - c. Sign line A in the block titled "Program Application". (This must be signed by the school district official authorized to sign financial documents.)
    2. Individual attendance - Boarding Home Program Reports, Form 05-96-023.
      - a. Enter receiving district at top left.
      - b. Enter reporting period.
      - c. Enter student data in column 1 and 2. In column 1 be sure to enter both student name and village of residence.

B. For students placed in another school district, the application must also include:

1. The school board resolution specified in section II C above; and,
2. Memorandum of Agreement, request for Non-Resident Student Placement, Form 05-96-022.
  - a. The sending school district completes and signs the form, and forwards the total application package to the receiving district.
  - b. The receiving school district signs the memo of agreement and sends all originals to the Department of Education & Early Development.
  - c. The Department of Education & Early Development will return copies of the entire packet when all required signatures are obtained.

C. Applications for students entering for first semester must be received in the Department of Education no later than October 15. New applications for students entering at second semester (third quarter) must be received within 30 calendar days of the starting date specified in the school calendar. Applications received after these dates may be rejected.

D. State funding of students is based upon the approved application. Changes in participating students require submission of an amended Individual Attendance Report. No payments will be made for students who are unreported, or who are ineligible for the basic program. The State will reduce the allowable budget when numbers of students decrease.

E. Payments for out-of-district students will be made to the district administrating the program. Boarding Home students are the primary responsibility of the sending district in all matters involving the care and education of students in placement.

IV. Payment Rates:

A. Payment rates for food and housing were updated for FY90 using the following survey data. Food costs were adjusted using December 1987 University of Alaska Cooperative Extension service survey data. Housing costs were updated using the State Dept. of Administration's Alaska Geographic Differential Study survey data on an urban family budget for Anchorage in April 1985, then adjusting costs from the CPI's to 1988, then determining the proportional cost of housing per person. Payment rates have been adjusted by the 2002 Consumer Price Index for Anchorage. School districts were grouped by region considering climatic and transportation characteristic, relating them to the communities for which cost-of-living data was available.

<u>B. Regional Rates</u>	Total Stipend Month/Day
<u>Region 1 - Southeast</u> Annette, Chatham, Craig, Haines, Hoonah, Hydaburg, Juneau, Kake, Ketchikan, Klawock, Pelican, Petersburg, Sitka, Southeast Island Skagway, Wrangell, Yakutat	\$390 / \$13.00
<u>Region 2 - Southcentral</u>  Anchorage, Chugach, Cordova, Kenai, Kodiak, Mat-Su, Valdez	\$380 / \$12.67
<u>Region 3 - Interior</u> Alaska Gateway, Copper River, Delta/Greely, Denali, Fairbanks, Nenana	\$460 / \$15.33
<u>Region 4 - Southwest</u> Adak, Aleutian Region, Aleutians East, Bristol Bay, Dillingham, Iditarod, Kuspuk, Lake & Peninsula, Lower Kuskokwim, Lower Yukon, Pribilof, Southwest Region, St. Mary's Unalaska	\$477 / \$15.90
<u>Region 5 - Northern (Remote)</u> Bering Strait, Galena, Nome, NW Arctic, North Slope, Tanana Yukon Flats, Yukon-Koyukuk	\$562 / \$18.73

V. Budgets and Allowable Costs:

- A. WITHIN DISTRICT: State reimbursement will be for monthly/daily food and housing costs based on the rates established above. The days a student arrives and departs the boarding home are reimbursable. The daily rate is 1/30th of the monthly rate. Round trip travel to and from the home of residence and the community in which the student attends school is paid at cost for one trip per school year. Clothing, personal care costs and allowances are a parental responsibility. (Such costs for students who may be legal wards of the State are normally provided by the Department of Health and Social Services.) For students attending school within their home district, costs (including indirect costs) of placement supervision, counseling and program administration are the responsibility of the school district.

B. OUT-OF-DISTRICT: State reimbursement includes the approved rate for food and housing, one round trip per student at cost, and funding for placement supervision and indirect administrative costs of the administrating school district as follows:

1. Placement Supervision: Up to 30% of the stipend amounts for out-of-district students may be approved.
2. Administrative costs are limited to the Department-approved indirect cost rate computed against actual expenditures for the out-of-district students.
3. For budgeting purposes, the applicable indirect cost rate is that for the district administrating the program.

VI. Reporting and Reimbursements:

A. Forms

05-96-021	Boarding Home Program Report
05-96-023	Individual Attendance Report

B. Reporting Periods and Due Dates:

<u>Period</u>	<u>Months</u>	<u>Due</u>
First Quarter	July 1 - September 30	October 15
Second Quarter	October 1 - December 31	January 15
Third Quarter	January 1 - March 31	April 15
Final Quarter	April 1 - end of school	June 15

C. Financial Procedures:

1. An initial budget is the school district's estimate of students participating and related costs. Department of Education & Early Development will acknowledge receipt, and use estimates only for state budget planning.
2. First quarter reports must include revision of the initial budget to reflect actual student participation. School districts not providing first quarter reports may be subjected to prorated payments if the state appropriation is insufficient for full funding of the program.
3. For simplified reporting:
  - a. Enter reimbursement amounts on the original approved Boarding Home Program Report.
  - b. Copy the original prior to the signature on line B.
  - c. Sign and submit the copy. Retain the unsigned original for the next report.

- d. On the individual attendance report, enter the termination dates for students dropped during the prior quarter and add new students at the bottom. Copy the report and use the copy to enter information in columns 3 through 8. Retain the original with columns 3 through 9 blank as a master copy for future quarterly reports.
- e. Both reports must be submitted together for payment. The BHP report must be signed on line B.

VIII. Licensing of Boarding Homes:

State law requires that homes providing care for unrelated children under 16 years of age must be licensed by the Department of Health and Social Services (DHSS). The school district receiving and placing students is responsible for assuring that any student under age 16 is placed in a licensed home. (7 AAC 50.030)

VIII. Health and Medical Care:

Routine health care costs are a parental responsibility. For out-of-district boarding home students, the sending district is responsible for assuring that emergency medical care costs are met.

MEMORANDUM OF AGREEMENT

REQUEST FOR BOARDING STUDENT PLACEMENT

BETWEEN

\_\_\_\_\_  
Sending School District

AND

\_\_\_\_\_  
Receiving School District

1. The Department of Education & Early Development shall pay to the administrating district the boarding cost for the students listed on the attached Form 05-96-023.
2. This memorandum is effective when signed by the Department of Education & Early Development, Superintendent of the Sending School District, and the Superintendent of the Receiving School District.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Department of Education & Early Development

\_\_\_\_\_  
Date

\_\_\_\_\_  
Superintendent of Sending District

\_\_\_\_\_  
Date

\_\_\_\_\_  
Superintendent of Receiving District

**CERTIFICATION OF INFORMATION SUBMITTED ON  
BOARDING HOME REPORTS**

By signing below, I certify that the students listed on the district's Boarding Home Program reports meet the current eligibility requirements of 4 AAC 09.050. Primarily, those requirements are that:

1. students are of secondary school age, and
2. students do not have daily access to a school of the appropriate grade level by being transported a reasonable distance.

Signature of Certifying Official: \_\_\_\_\_  
Superintendent or their Designee

<u>B. Regional Rates</u>	Total Stipend Month/Day
<u>Region 1 - Southeast</u> Annette, Chatham, Craig, Haines, Hoonah, Hydaburg, Juneau, Kake, Ketchikan, Klawock, Pelican, Petersburg, Sitka, Southeast Island Skagway, Wrangell, Yakutat	\$390 / \$13.00
<u>Region 2 - Southcentral</u>  Anchorage, Chugach, Cordova, Kenai, Kodiak, Mat-Su, Valdez	\$380 / \$12.67
<u>Region 3 - Interior</u> Alaska Gateway, Copper River, Delta/Greely, Denali, Fairbanks, Nenana	\$460 / \$15.33
<u>Region 4 - Southwest</u> Adak, Aleutian Region, Aleutians East, Bristol Bay, Dillingham, Iditarod, Kuspuk, Lake & Peninsula, Lower Kuskokwim, Lower Yukon, Pribilof, Southwest Region, St. Mary's Unalaska	\$477 / \$15.90
<u>Region 5 - Northern (Remote)</u> Bering Strait, Galena, Nome, NW Arctic, North Slope, Tanana Yukon Flats, Yukon-Koyukuk	\$562 / \$18.73

V. Budgets and Allowable Costs:

- A. WITHIN DISTRICT: State reimbursement will be for monthly/daily food and housing costs based on the rates established above. The days a student arrives and departs the boarding home are reimbursable. The daily rate is 1/30th of the monthly rate. Round trip travel to and from the home of residence and the community in which the student attends school is paid at cost for one trip per school year. Clothing, personal care costs and allowances are a parental responsibility. (Such costs for students who may be legal wards of the State are normally provided by the Department of Health and Social Services.) For students attending school within their home district, costs (including indirect costs) of placement supervision, counseling and program administration are the responsibility of the school district.

## SENATE COMMITTEE REPORT

DATE: 04/26/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 4.30.04

Health, Education and Social Services Committee considered CS FOR HOUSE BILL NO. 425(EDU)

### HB 425 BOARDING SCHOOL FUNDING

"An Act relating to funding for school districts operating secondary school boarding programs and to funding for school districts from which boarding students come; 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#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
EED	3/10	✓			2

APPROPRIATION - no fiscal note

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

**HB**

**443**

# FISCAL NOTE

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

Fiscal Note Number: 1  
 Bill Version: HB 443  
 (H) Publish Date: 4/7/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Teachers and Nurses Housing RDU Alaska Housing Finance Corp.  
Loan Program Component Operations  
 Sponsor Representative Kerttula  
 Requester House HES Committee 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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

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

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (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)  
 HB 443 authorizes AHFC to expand the teachers' and registered nurses' housing loan program to include both registered and practical nurses. This loan program currently allows loans to be made to qualified applicants at 100 percent loan-to-value (i.e. no down payment requirements).

As written, HB 443 is not anticipated to significantly impact AHFC's budget numbers and loan authorizations. Any increase in loan applications can be handled by AHFC's current staff.

Prepared by: Bryan Butcher, Legislative Liaison/Special Assistant Phone 330-8445  
 Division: Alaska Housing Finance Corporation Date/Time 4/3/04 9:11 PM  
 Approved by: Steve Porter, Deputy Commissioner Date 4/3/2004  
 Agency: Department of Revenue



## Representative Beth Kerttula

---

Alaska State Legislature District 3

**Sponsor Statement  
House Bill 443  
Teachers and Nurses Housing Loan Program**

Alaska, like the rest of the United States, is currently facing a critical shortage in nurses. In addition to a growing need for nurses, more than 50% of nurses working today will be reaching retirement age in the next 15 years. There have been many ideas to attract qualified nurses to Alaska, including expanding the nursing school at the University of Alaska, Anchorage, student loan forgiveness and housing loan programs.

Last year, the Legislature passed Senate Bill 25, which allowed the Alaska Housing Finance Corporation (AHFC) to offer housing loans to teachers and nurses without requiring a down payment. Under current law, the program can be offered to Registered Nurses (RNs), who are licensed under 08.68.230(a), but not Licensed Practical Nurses (LPNs), who are licensed under section (b) of the same statute. House Bill 443 would correct this inequity.

There are 7,847 RNs in Alaska who are currently eligible for this program. In contrast, there are only 834 LPNs, and according to Department of Labor projections, the need for LPNs will grow by about 30 per year. While there is demand for both types of nurses in Alaska, LPNs make less money than RNs - it seems counterintuitive to exclude them from this program. I would appreciate your support for House Bill 443.

**Sec. 08.68.230. Use of title and abbreviation.**

(a) A person licensed to practice registered nursing in the state may use the title "licensed professional nurse," "registered nurse," and the abbreviation "R.N."

(b) A person licensed to practice practical nursing in the state may use the title "licensed practical nurse" or "licensed vocational nurse" and the abbreviation "L.P.N." or "L.V.N."

(c) A person who holds a temporary permit to practice as a registered nurse shall use the title "Temporary Registered Nurse" and the abbreviation "TRN."

(d) A person who holds a temporary permit to practice as a licensed practical nurse shall use the title "Temporary Licensed Practical Nurse" and the abbreviation "TLPN."

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES



# This year, A

## Legislature passes bill to attract teachers, nurses to Alaska

A program designed to help attract and retain teachers and nurses in rural Alaska has been authorized by the Alaska Legislature. In May, the Legislature passed a bill to allow AHFC to provide housing loans without a down payment to Alaska teachers, school personnel and registered nurses. The legislation creates a new AHFC option to provide housing loans to full-time teachers and nurses without a down payment. Qualified applicants may use any of AHFC's loan programs to purchase owner-occupied, single-family housing.

The bill also allows regional education areas to apply for AHFC's multi-family lending programs when building or purchasing housing for teachers.

The provision to extend the measure to nurses was added in the House at the request of Gov. Murkowski. Speaking in support of the bill, Rep. Peggy Wilson (R-Wrangell) said, "There is a huge gap in both [teachers and nurses]. We have vacancies at this time that we can't fill because we just don't have them in the state. So this is just another recruitment and retention tool that we can use in our toolbox." Gov. Murkowski signed the bill into law on June 18.

Also on the horizon, U.S. Sen. Lisa Murkowski has introduced a bill to provide \$50 million in grants to small-population states for school districts to acquire, build or rehabilitate rural housing for teachers or other staff. Following public hearings, AHFC anticipates making the 100 percent financing option available to teachers and nurses by the end of August.

- Received three national Assistance Provider In enhancing the quality of developmental disabilities

- Helped nearly 6,000 with \$894 million in loans to assist development of 2,153 first-time home

- Brought to more than multi-family loan financing and tax credits. Since in low-interest loans, results, to assist development of 9,000 units of rental housing the state.

- Formed Nursing



### Inside

Rural Refinancing

2

CEO & Chair Letter

2

HomeChoice Grows

3

Cold Climate Housing Research

4



- Conducted community outreach classes also were held with Realtors and builders.

- Provided 187 veterans \$38.7 million. In November more than 70 percent to receive Veterans Mortgage Pro

- Increased the number of communities served from fewer than 2,500 in 1991 to 12 communities served this year is paid to private lenders for Alaskans who earn less

Frank H. Murkowski, Governor

*Alaska*

**Department of Community  
and Economic Development**

**Division of Occupational Licensing**

550 W. 7th Avenue, Suite 1500, Anchorage, AK 99501-3567

Telephone: (907) 269-8160 • Fax: (907) 269-8156 • Text Telephone: (907) 465-5437

Email: [Licensc@dced.state.ak.us](mailto:Licensc@dced.state.ak.us) • Website: [www.dced.state.ak.us/occ/](http://www.dced.state.ak.us/occ/)

April 5, 2004

Representative Beth Kerttula  
Alaska State Legislature  
State Capital  
Juneau, Alaska 99801

Dear Representative Kerttula,

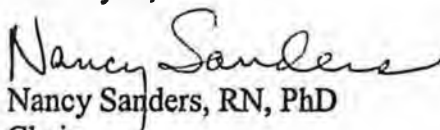
The Board of Nursing at its March 12-14, 2004 meeting discussed HB 443, which would broaden wording of the Alaska Housing Finance Corporation's low interest housing loan program. We fully support this loan program for Licensed Practical Nurses (LPNs) as well as Registered Nurses (RNs). Both categories of nurses are important to the health, safety and well being of Alaska's residents.

In that regard, the Board of Nursing unanimously passed the following resolution:

**RESOLVED that the Board of Nursing for the State of Alaska supports House Bill 443 introduced by Representative Kerttula which would broaden wording of Alaska Housing Finance Corporation's low interest housing loan program from Registered Nurse (RN) to spell out "Nurses." This would thereby include Licensed Practical Nurses, a valuable segment of the nursing workforce.**

We hope that this bill passes and that RNs as well as LPNs are able to take advantage of the low interest housing loan program.

Thank you,

  
Nancy Sanders, RN, PhD  
Chair  
Alaska State Board of Nursing

# NATHANIEL L. HADDOCK, M.D.

INTERNAL MEDICINE

1420 GLACIER AVENUE  
JUNEAU, ALASKA 99801

TELEPHONE (907) 586-6226  
FAX (907) 588-6155

April 6, 2004

Alaska State Legislature, District 3  
State Capitol  
Juneau, Alaska 99801

**RE: House Bill 443**

To Whom It May Concern:

It is my experience that in today's healthcare system, LPNs perform virtually all of the duties and responsibilities that RNs perform. LPNs are a vital link in our healthcare system that should not be forgotten about.

I believe that LPNs are entitled to be included in House Bill 443.

Your consideration is greatly appreciated.

Sincerely,



Nathaniel L. Haddock, M.D.

**HENRY I. AKIYAMA, M.D., F.A.C.C., P.C.**

INTERNAL MEDICINE  
& CARDIOLOGY

1420 GLACIER AVENUE  
JUNEAU, ALASKA 99801

TELEPHONE (907) 586-6226  
FAX (907) 586-6155

April 6, 2004

Alaska State Legislature, District 3  
State Capitol  
Juneau, Alaska 99801

**RE: House Bill 443**

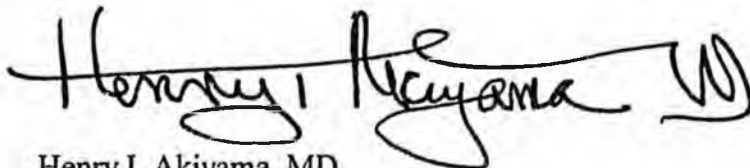
To Whom It May Concern:

There is a national shortage of RNs and Alaska is no exception. LPNs are playing a vital role in providing quality healthcare. It is my personal experience that in today's healthcare system, LPNs perform virtually all of the duties, procedures and responsibilities that RNs perform with the same quality of healthcare, skills and caring.

I believe that LPNs are entitled to be included in House Bill 443.

Your consideration is greatly appreciated.

Sincerely,



Henry I. Akiyama, MD

## Alaska Vocational Technical Center (AVTEC) Licensed Practical Nurse - Anchorage Training Area

[Home](#) | [Admissions](#) | [Training Programs/Courses](#) | [Training Cost/Dates](#) | [Student Services](#)



Welcome to the **Licensed Practical Nurse (L.P.N.)** program. This training is offered in the Anchorage area.

Licensed practical nurses provide care for people who are sick, injured, convalescing, and developmentally disabled, under the direction of physicians and registered nurses. Most LPN's provide basic bedside care. LPN's in nursing homes, in addition to providing routine bedside care, may also help evaluate residents' needs, develop care plans, and supervise nursing aides. In doctors' offices and clinics, including health maintenance organizations, they may also make appointments, keep records, and perform other clerical duties. LPN's who work in home health may also prepare meals and teach family members simple nursing tasks. They take vital signs such as temperature, blood pressure, pulse, and respiration. They also treat bedsores, prepare and give injections and enemas, apply dressings, give alcohol rubs and massages, apply ice packs and hot water bottles, and insert catheters. LPN's observe patients and report adverse reactions to medications or treatments. They may collect samples from patients for testing and perform routine laboratory tests. They help patients with bathing, dressing, and personal hygiene, feed them and record food and liquid intake and output, keep them comfortable, and care for their emotional needs. Some experienced LPN's supervise nursing assistants and aides.

Job prospects for LPN's are expected to be excellent, as employment grows much faster than it has in the past. Because of this growth, the number of new graduates needed to fill LPN positions is well above the number graduated in recent years. As in most other occupations, replacement needs will be the main source of job openings.

Employment of LPN's is expected to increase faster than the average for all occupations through the year 2005, in response to the long-term care needs of a rapidly growing population of very old people and to the general growth of health care. Nursing homes will offer the most new jobs for LPN's as the number of aged and disabled persons in need of long-term care rises rapidly. In addition to caring for the aged, nursing homes may be called on to care for the increasing number of patients who have been released from the hospital and have not yet recovered enough to return home. Very rapid growth is also expected in such residential care facilities as board and care homes, old age homes, and group homes for the mentally retarded, as well as in home health care services.

LPN's should have a caring, sympathetic nature. They should be emotionally stable because work with the sick and injured can be stressful. As part of a health care team, they must be able to follow orders and work under close supervision.

Upon completion of the Practical Nursing program you will receive an occupational certificate of completion. Students who successfully complete the AVTEC Practical Nursing program will be eligible to take the National Council Licensing Examination for Practical Nursing. The students must pass their exam with an 80%. If students pass the exam the State Division of Occupational Licensing will issue the student their License in Practical Nursing.

### Program Content

To achieve a **Practical Nurse** certificate, students must complete the following requirements. For a detailed description of each requirement, click on the link below.

	<b>Hours</b>
<a href="#">Ⓢ Foundations of Nursing &amp; Nursing in Health</a>	315
<a href="#">Ⓢ Nursing Care of Adults in Acute Care</a>	279
<a href="#">Ⓢ Parent-Child Nursing</a>	300
<a href="#">Ⓢ Treatments</a>	105
<a href="#">Ⓢ Legal/Ethical Issues, Trends, Professional Issues</a>	93

### Program Content:

#### Foundations of Nursing & Nursing in Health

Understand growth and development and identify factors that can facilitate or interfere with normal growth and development; explain the communication process, verbal vs. nonverbal communication; documentation; culture; care continuum; nursing process; health; caring; role development; basin nursing skills.

[Ⓢ Return to Program Content Requirements](#)

#### Nursing Care of Adults in Acute Care

Understand Inflammation and infection; nursing care of adult disorders to include: immune, surgery, skin, connective tissue, traumatic musculoskeletal, gastrointestinal, accessory organ, cardiovascular, hematological, urologic, respiratory, endocrine disorder, reproductive, special senses, neurological disorder, cancer, acute psychiatric disorder.

[Ⓢ Return to Program Content Requirements](#)

#### Parent-Child Nursing

Understand reproductive physiology, fertilization, prenatal development; nursing care during the antepartal period, intrapartum, postpartum neonate. Introduction to the nursing of children with a cardiovascular, hematologic or immunologic respiratory, gastrointestinal, genitourinary, endocrine, musculoskeletal or integumentary neurological disorders, developmental disability and cancer.

[Ⓢ Return to Program Content Requirements](#)

#### Treatments

Mathematics of drug dosage; principles of pharmacology; drug classifications; wound care.

[Ⓢ Return to Program Content Requirements](#)

#### Legal/Ethical Issues, Trends, Professional Issues

Legal issues as they apply to nursing; negligence and malpractice; accountability, responsibility and ethics in nursing; mandatory continuing education for nursing; cultural diversity; membership in professional organizations; reasons a nursing license could be revoked by state board of nursing.

[Ⓢ Return to Program Content Requirements](#)

#### Mission:

To prepare students with the knowledge, skills, and abilities to practice in the modern health care world as a licensed practical nurse and to continue in education in nursing.

**Length of Course:** 1,092 clock hours, 182 training days

**Course Number:** 41521L

**Enrollment:** Mid-August

**Training Hours:** 1:00 to 7:00 p.m., Monday through Thursday

**Certificate Level: Practical Nurse****Prerequisites:**

Applicants must be a Certified Nurses Assistant (CNA). Applicants must have ACT completion with a math score of 18 and a Composite score of 19, or SAT with a math score of 500 and a total score of 900. Applicants must have completed college-level anatomy and physiology, microbiology, chemistry, nutrition, and English composition. These courses must be completed with a grade of C or better. Applicants must provide three letters of reference; have up-to-date immunizations and TB test; and have completed a current background check. Applicants are required to have an interview with program staff (can be a phone interview).

For an application or information, contact the Admissions Recruiter at the Allied Health Department, 1251 Muldoon Road, Suite 11, Anchorage, Alaska 99504 or by telephone at (907) 334-2230, (800) 478-5389, or by fax at (907) 334-2237.

Physical requirements of the occupation are the ability to lift 50 lbs.

[Return to Certified Nurse Assistant Training Program](#)

[AVTEC Home](#) | [Admissions](#) | [Training Programs/Courses](#) | [Training Cost/Dates](#)

Alaska Vocational Technical Center (AVTEC) ~ [www.avtec.alaska.edu](http://www.avtec.alaska.edu)  
AVTEC is a division of the Alaska Department of Labor and Workforce Development  
P.O. Box 889 ~ 809 2nd Avenue ~ Seward, Alaska 99664  
Admissions Office (907) 224-4141 ~ 1-800-478-5389 ~ FAX (907) 224-4143

 **Back to Top**

The AVTEC web site is designed and maintained by  
AVTEC Business & Office Technology Instructor [Ken Werner](#).

# Health Care Occupations **12**

## By education, employment, wages

training levels. (See Exhibit 11.) Fifty percent of health related jobs in 2010, dominated by Registered Nurses\* and a variety of health care technician occupations, will require an associate degree or significant postsecondary vocational training. One in five will require a bachelor's degree or higher; these include health care practitioner occupations such as Physical Therapists and Physicians. The remaining jobs include health care technical and support occupations and require varying levels of on-the-job training.

### Outlook for health related occupations is good

The projected job growth in health care services reflects an aging population, technological advances in medicine, cost cutting measures and increasing administrative requirements. Even though the overall demand for health care services is projected to rise significantly, future need for individual health occupations will vary. The growth rates for specific occupations range from an increase of nearly 165 percent for medical assistants to a decline of 8 percent for Orthotists & Prosthetists.

Nursing Aides, Orderlies & Attendants, and Registered Nurses, the two largest health related occupations in 2000, together will contribute nearly 5,000 new jobs over the forecast period. (See Exhibit 12.) Population growth and aging are expected to be the primary factors driving this increase.

Cost containment in the health care industry will stimulate employment for health related aides and assistants. Some services formerly provided by specialists such as Physical Therapists, Dentists, Pharmacists, and Physicians will be shifted to lower-paid workers. The rapid growth for medical assistants, projected to be Alaska's single fastest growing occupation, reflects this trend. With a projected growth rate of 139 percent, Physical Therapy Aides are expected to grow significantly faster than physical therapists over the forecast period. The number of Medical Records & Health Information Technician positions will climb

\*Based on US Bureau of Labor Statistics classification, all RNs are grouped in the Associate Degree category.

#### 2001 Statewide Wage Quartile

\$	Less than \$12.35
\$\$	\$12.35 - \$16.71
\$\$\$	\$16.72 - \$23.83
\$\$\$\$	\$23.84 & higher

	Wage Quartile	Employment		
		2000	2010	Numeric Change
<b>Bachelor's and Above</b>				
Physical Therapists	\$\$\$\$	276	535	259
Pharmacists	\$\$\$\$	332	535	203
Medical & Clinical Laboratory Techs	\$\$\$\$	270	452	182
Dentists	\$\$\$\$	346	490	144
General Practitioners	\$\$\$\$	217	331	114
Internists, General	\$\$\$\$	136	244	108
Occupational Therapists	\$\$\$\$	138	241	105
Physician Assistants	\$\$\$\$	157	233	76
Dietitians & Nutritionists	\$\$\$\$	100	173	73
Speech-Language Pathologists	\$\$\$\$	201	272	71
Chiropractors	N/A	143	193	50
Optometrists	\$\$\$\$	88	126	38
Audiologists	\$\$\$\$	34	71	37
Veterinarians	\$\$\$\$	162	190	28
Psychiatrists	\$\$\$\$	47	69	22
Occupational Health/Safety Workers	\$\$\$\$	173	178	5
Orthotists & Prosthetists	\$\$\$\$	101	93	-8
<b>Associate Degree or Significant Postsecondary Vocational training</b>				
Registered Nurses	\$\$\$	4,439	8,556	4,117
Medical Records & Health Info Techs	\$\$	375	746	371
Dental Hygienists	\$\$\$\$	403	753	350
Licensed Practical Nurses	\$\$	487	750	263
Radiologic Techs	\$\$\$	289	545	256
Medical Transcriptionists	\$\$	241	439	198
Respiratory Therapists	\$\$\$	108	212	104
Medical & Clinical Laboratory Techs	\$\$\$	141	242	101
Surgical Technologists	\$\$\$	96	195	99
EMTs & Paramedics	\$\$	323	409	86
Massage Therapists	\$\$	193	270	77
Physical Therapist Assistants	\$\$	49	120	71
Diagnostic Medical Sonographers	\$\$\$\$	64	129	65
Cardiovascular Techs	\$\$\$	46	107	61
Veterinary Techs	\$\$	37	108	71
<b>Med- or Long-term Training or Experience</b>				
Dental Assistants	\$\$	619	1,465	846
Medical Assistants	\$\$	366	968	602
Pharmacy Techs	\$\$	300	519	219
Opticians, Dispensing	\$\$\$	182	257	75
<b>Short-term Training or Experience</b>				
Nursing Aides, Orderlies & Attendants	\$\$	1,196	2,059	863
Home Health Aides	\$	858	1,260	402
Physical Therapist Aides	\$\$	54	129	75
Medical Equipment Preparers	\$\$	64	125	61
Veterinary Assistants	\$	137	165	28
Pharmacy Aides	\$	45	53	8

Shading denotes occupations with higher than average wages and estimated growth rates, and projected increase of 75 or more between 2000 and 2010.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# 13 Health Care Occupations

## Nonresident\* & over-45 workers

### 2001

\*Did not receive a 2001 or apply for a 2002 Alaska Permanent Fund dividend

	% of Workers 45 and Over	% Non- Resident Workers	Training Available in Alaska
<b>Bachelor's and Above</b>			
Physical Therapists	269	169	
Pharmacists	448	184	
Medical & Clinical Laboratory Techs	597	191	Yes
Dentists	N/A	N/A	
General Practitioners	432	251	
Internists, General	370	212	
Occupational Therapists	357	164	
Physician Assistants	551	224	Yes
Dietitians & Nutritionists	330	90	Yes
Speech-Language Pathologists	505	162	
Chiropractors	524	357	
Optometrists	412	158	
Audiologists	600	00	
Veterinarians	354	158	
Psychiatrists	522	142	
Occupational Health/Safety Workers	N/A	N/A	
Orthotists & Prosthetists	500	500	
<b>Associate Degree or Significant Postsecondary Vocational Training</b>			
Registered Nurses	528	177	Yes
Medical Records & Health Info Techs	276	120	Yes
Dental Hygienists	375	95	Yes
Licensed Practical Nurses	532	133	Yes
Radiologic Techs	379	238	
Medical Transcriptionists	547	62	Yes
Respiratory Therapists	395	153	
Medical and Clinical Laboratory Techs	336	130	Yes
Surgical Technologists	390	291	
EMTs & Paramedics	220	148	Yes
Massage Therapists	392	148	Yes
Physical Therapist Assistants	200	100	
Diagnostic Medical Sonographers	400	172	
Cardiovascular Techs	435	192	
Veterinary Techs	82	191	
<b>Med - or Long-term Training or Experience</b>			
Dental Assistants	190	116	Yes
Medical Assistants	214	123	Yes
Pharmacy Techs	217	117	
Opticians, Dispensing	286	106	
<b>Short-term Training or Experience</b>			
Nursing Aides, Orderlies & Attendants	311	91	Yes
Home Health Aides	326	122	Yes
Physical Therapist Aides	241	133	
Medical Equipment Preparers	400	105	
Veterinary Assistants	199	162	
Pharmacy Aides	178	53	

Shading denotes occupations with higher than average wages and estimated growth rates, and projected increase of 75 or more between 2000 and 2010.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

to more than 700 by 2010, reflecting heightened medical records scrutiny by third-party payers, courts and consumers.

Employment of home health workers, such as Home Health Aides, will increase as more individuals choose to remain in their homes rather than move to long-term care or assisted living facilities.

Only one health related occupation is expected to experience an employment decline over the forecast period. The specialty occupation of Orthotists & Prosthetists will shed eight jobs, with a projected employment level of 93 in 2010. This decrease in occupational employment will result from a continued shift of orthopedic and prosthetic work to other health care occupations such as Occupational and Physical Therapists.

### Replacement needs

In addition to new jobs resulting from employment growth, job opportunity also results from the need to replace workers who retire, enter other occupations, or leave the labor force for other reasons. Retirement, and thus the age of incumbent workers, plays a major role in the future need for workers in high skilled occupations. Ten of the 17 health related occupations requiring a BA or more face major future workforce replacement needs. Based on 2001 data, over 40 percent of the workers in these occupations will reach retirement age within the next 15 years. Of the health related occupations requiring either an AA degree or significant postsecondary vocational training, one-third face similar replacement needs. (See Exhibit 13.)

Retirement plays a lesser role in determining replacement needs for workers in the lower skilled health related occupations. Workers in these occupations are more apt to transfer to other occupations than remain in the occupation until retirement age. For occupations requiring on-the-job training, the percentages of workers nearing retirement are generally lower than for higher skilled occupations. The degree of transition in and out of the lower skilled occupations

depends in part on the relative attractiveness of other entry level jobs and general economic conditions.

### Nonresidents capture many top jobs

Exhibit 13 lists the percentage of nonresident health care workers by occupation in 2001. Nonresident employment in high-wage/high-growth occupations such as Physical Therapists (nearly 17 percent nonresident employment) and Pharmacists (over 18 percent nonresident employment) represent lost opportunity for Alaska's workers.

### Wages vary widely

Earnings in health related occupations vary widely based on education and skill attainment. (See Exhibit 12.) All of the health related occupations requiring a BA or above had estimated earnings in the highest wage quartile. Dentists and Physicians whose wages are reported to DLWD earn more than \$55 per hour, but unreported self-employed earnings could raise that figure considerably.

Ten of the 15 health related occupations requiring an associate degree or significant postsecondary education pay wages higher than the average for all occupations, more than \$16.71 per hour. The Dispensing Opticians occupation is the only on-the-job training occupation that generally pays more than the all-occupation average wage. (See Exhibit 12.)

### In-state training availability

High-skill/high-wage health occupations require specific training and/or education, often leading to certification or licensure. Of the 17 health related occupations offering both good employment opportunity and higher than average wages, noted by shading on Exhibits 12 and 13, training is available in Alaska for only seven. (See Exhibit 13.)

### Conclusion

Alaska's health care industry, employment star of the 1990s, will continue to generate job opportunities throughout the coming decade. Health related employment exists in all regions of the state, requiring varying levels of education and training. Future employment opportunities will arise from both employment growth and the need to replace retiring workers.

#### **Nurses working in Alaska in 1997 Where were they in 2002?**

Given the difficulty in filling nursing positions, the need to retain incumbent workers has received increasing attention. DLWD analyzed 1997 and 2002 administrative data to help shed light on the career attachment of Alaska's nurses.

##### **Of the RNs working in Alaska in 1997 — in 2002**

- 47% Working as RNs in Alaska
- 8% Working in other health related occupations (such as medical and health services managers)
- 5% Working in non-health related occupations
- 40% Not working in Alaska wage and salary jobs

##### **Of the LPNs working in Alaska in 1997 — in 2002**

- 35% Working as LPNs in Alaska
- 14% Working in other health occupations (such as nursing aides & orderlies)
- 6% Working in non-health related occupations
- 43% Not working in Alaska wage and salary jobs

**University/Industry Alaskan Nursing Education Task Force**

**FINAL REPORT**

**April 2002**



**Supported and funded by a grant from HRSA**

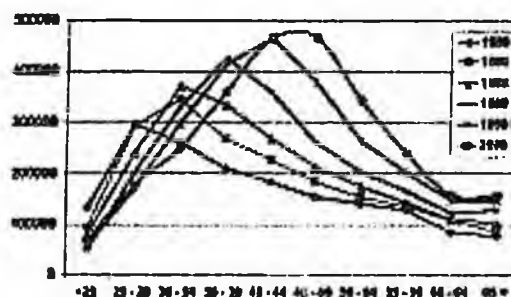
fill vacancies. Other recruitment and retention efforts are costing millions of dollars more.

### Factors Contributing to the Shortage

Reasons for the shortage are complex. Some contributing factors are as follows:

- there are expanding, often more appealing, career options available for young and working people today
- a drop in numbers of nursing school graduates in the past two decades has resulted in an aging nurse workforce, with an average age of about 44 years

**Age Distribution of the Registered Nurse Population, 1980-2000**



Source: NANA and Sample Survey of Registered Nurses, Division of Nursing, NANA, 1994.



- pay scales for nurses have remained relatively flat in recent years
- recruitment and retention bonuses and benefits programs, as well as overall salary enhancements, are offered by many providers, but are limited by the current reimbursement environment
- workplace conditions (fast pace, long hours, shift work, insufficient nursing and support staff, very sick patients who are discharged early, excessive paperwork, safety concerns) have tended to drive practicing nurses into exhaustion and out of the profession
- changing patterns of hospitalization and illness have created a demand for increasingly specialized nurses adept with rapidly advancing technology and medical knowledge, as well as for more nurses generally

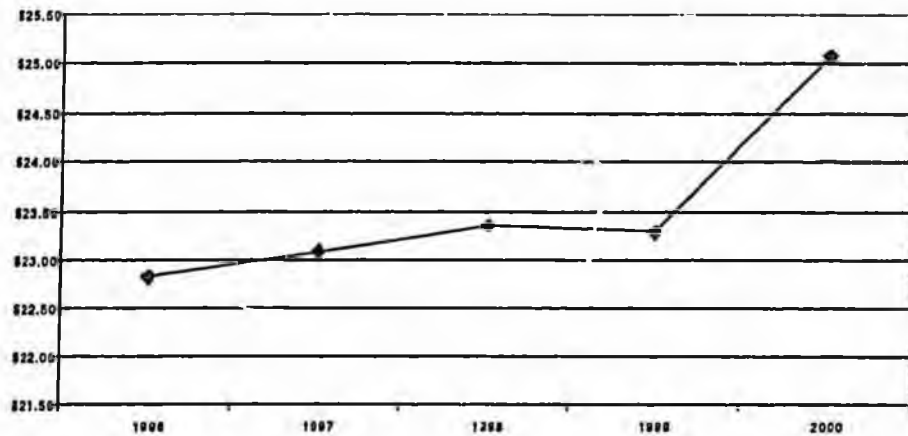
Nursing school faculty are also in very short supply. Nationally the average age for faculty exceeds 50 years, and there is not a well-developed career path for nursing educators at the masters and doctoral levels.<sup>1</sup>

<sup>1</sup> Hinshaw, Ada Sue, PhD, RN, FAAN: A Continuing Challenge: The Shortage of Educationally Prepared Nursing Faculty. *Nursing*

<sup>1</sup> Hinshaw, Ada Sue, PhD, RN, FAAN: A Continuing Challenge: The Shortage of Educationally Prepared Nursing Faculty. *Nursing World, Online Journal of Issues in Nursing* (Vol. 6, #1), January 31, 2001.

The Alaskan health care industry is in the throes of an escalating nursing shortage. Always dependent on importing nurses from outside the state, Alaska's providers are in direct competition for this scarce resource with larger systems in other states. Until 2000, nursing salaries in Alaska were flat for several years, contributing to a lack of incentive for nurses to migrate to the state.

Mean Salaries of Alaskan Nurses 1996-2000



According to Alaskan nursing administrators, temporary agency nurses from the continental United States – sometimes called “travelers” – are often reluctant to come to the state, particularly after the terrorist attacks on September 11, 2001. The demand and benefits for their services elsewhere in the country are high, and they are able to avoid excessive air travel and Alaska's difficult weather and living conditions.

Similar to the experience of other schools in the country, it has proven difficult to recruit faculty to the University of Alaska's School of Nursing. This has limited the capacity of the school to expand its student population.

The current situation in Alaska is deteriorating:

- During the period 1992-1998, the number of registered nurses working in Alaskan hospitals (in full time equivalents) increased 5%.  
During the same timeframe, the number of inpatient days increased 51%.  
This resulted in a 30% decline in the ratio of RNs to inpatient days, compared to a national increase of 26% in this ratio.<sup>1</sup>

The number of Alaskan nurses per 100,000 residents fell by 20% between 1996 and 2000 (compared to a national decrease of 10%).<sup>2</sup>

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<sup>1</sup>HRSA, Bureau of Health Professions. *HRSA State Health Workforce Profiles – Alaska*, December 2000, p.29.

- The age distribution of Alaskan nurses is even more striking than in the nation as a whole, with a higher peak in the 41-50 year age group, and lower percentages at the younger ages.
- Most of the nearly 7,000 registered nurses in the state in 2000 were working either full or part-time, with fewer than 1,000 out of the workforce.<sup>1</sup>

A survey conducted in January 2001 by staff at the Alaska State Hospital and Nursing Home Association revealed about 400 nursing vacancies in health care facilities in the state at the time. Overall the vacancies in 2001 represented 11% of nursing positions in hospitals and long term care settings. Because only about half of nurses work in such facilities in Alaska, this under-represents the shortage experienced by the industry as a whole. There was considerable geographic variation found, with higher percentages of vacancies in certain regions of the state -- Southeast at 15%, and the Southwest and North at 22%.<sup>2</sup>

The State Department of Labor projects a greatly increased demand for nurses in Alaska, along with a high rate of separation due to retirement, resulting in an additional 220 annual openings each year through 2008. This represents an overall growth rate of about 40% industry-wide over the decade ending that year. The projected need for licensed practical nurses (LPNs) is 30 per year and for Nursing Assistants 49 per year. <sup>3</sup> ★

The number of projected openings is calculated using an economic forecasting model, the Micro Matrix System. This is a joint state-federal methodology that incorporates data derived from annual employment numbers by industry, past history, intermittent occupational staffing surveys, and industry-specific economic indicators. The model includes occupation-specific adjustments for changing technologies, expected rates of separation (due to aging, retirement and death), and other change factors. It does not consider vacancies due to turnover of personnel in existing positions, but is rather a predictor of demand for additional positions and personnel. The projection is updated on a regular basis. The projection of 220 annual openings for Alaska's registered nurses includes 155 due to industry growth and 65 from separations.

Some of the increasing demand for nurses is the result of the aging of the American population. Alaska is experiencing a significant escalation of its senior population, at a rate predicted at 250% over the next two decades. In the past many retirees left the state, but that trend has reversed and many adult children are bringing their elderly parents to the state to better care for them. This has already begun to put a strain on health care and other systems. It will require the health care industry to respond to a population, which

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<sup>1</sup> *Ibid.*, p. 11.

<sup>2</sup> Judy Nyman, Alaska State Hospital and Nursing Home Association telephone survey, January 2001.

<sup>3</sup> State of Alaska Department of Labor, *Alaska Occupational Forecast to 2008*, November 2000.

change factors that will drive up demand in the industry, and is reflected in the forecasting model described above.

### **Previous Efforts Toward Resolution of the Shortage in Alaska**

For the past three years, the Alaska health care industry has been involved in assessment of workforce needs. It has engaged in discussions and collaborative projects with the University of Alaska to try to ensure that the state eventually become as self-sustaining as feasible in the production of graduate health professionals in a variety of fields. Not only will this fulfill existing and future workforce needs in Alaskan facilities and offices, but it will help establish a more stable workforce, less inclined to leave the state after a short tour of duty.

Rural facilities are particularly interested in ensuring that nursing education be readily accessed by potential students, and delivered as close to their home communities as possible, so they will be more likely to enter and complete the program and stay to practice in rural locations. Industry has made substantial contributions in time, effort, and funds to improving the workforce picture, and has made an ongoing commitment to support health professional educational programs in a variety of ways, including providing clinical sites for students, tuition support and adjunct faculty.

University of Alaska campuses have responded to this need with a number of productive initiatives, including commissioning a comprehensive study of the allied health workforce, and working to focus resources to address apparent deficiencies and needs. This study did not include nursing because the foundation-funded Alaska Colleagues In Caring project is currently accumulating both supply and demand data on nursing occupations in the state.

The University of Alaska Anchorage (UAA) School of Nursing has undertaken a number of innovative measures to address the shortage. This has included:

- increasing its use of web-based coursework
  - adding a distance-delivery component to its associates degree program
  - providing location flexibility for RN-to-bachelors degree and masters level students
  - establishing a distance-delivered practical nursing (PN) program
  - seeking to expand the use of the summer semester.

## **Nursing Education Programs**

### **Registered Nurse Preparation**

Graduates from either associates degree or bachelors degree nursing education programs sit for the same national licensing examinations that result in the designation Registered Nurse (RN). The nursing curriculum in associates degree programs takes a minimum of

two academic years to accomplish. Bachelors programs are planned to take a minimum of four years, if a student has not had previous educational preparation in nursing. Along with their nursing courses, the students must simultaneously meet the institution's requirements for completion of the associates or bachelors degree. This results in associates degree programs taking at least three years to complete for essentially full-time students. The bachelors level programs typically take five years or more.

This is a departure from the past when students were generally able to complete nursing programs, including all pre- and co-requisites, in two or four years. Due to rapidly proliferating curriculum content, this is no longer the case.

While practical nurse programs do not prepare registered nurses, those working as licensed practical nurses (LPNs) may decide at some point in their careers to advance their education and become RNs by enrolling in college in either an associates or bachelors degree nursing program. Thus the practical nurse programs, besides providing employees at that level, also provide a stream of potential students for future registered nurse preparation.

Alaskan facilities have tended to have a low demand for practical nurses compared to those in other states. Alaskan nursing administrators have generally preferred to hire registered nurses, with their full scope of practice, rather than practical nurses who legally have a more limited range of skills to offer.

### University of Alaska Anchorage (UAA)

The University's School of Nursing in Anchorage provides several levels of nursing education -- practical nursing, associate of applied science, bachelor and master of science -- as well as bridge programs for licensed practical nurses to become registered nurses through the associates degree program, and RNs with associates degrees to obtain their bachelors degrees.

A vocational practical nursing program is a recent addition. In its first quarter, it is being distance-delivered to a rural location (Bethel) as well as provided to Anchorage students in the same distance-delivered format. A vocational program for practical nursing focuses on hands-on clinical skills, with limited academic requirements. There are few pre- and co-requisite courses.

UAA has an established associates degree nursing program in Anchorage, which is currently being provided in a distance-delivered format to two additional locations (Fairbanks and Kodiak). It is expected that the program will be offered in other locations in the future on a rotating basis. Industry representatives and university faculty at other campuses indicated that the initial schedule for rotation was too limited, and have suggested that Fairbanks and Juneau may be large enough to have ongoing annual programs, with smaller sites being included on a less frequent rotation.

Students typically take at least three years to complete this associates degree program, one for pre- and some co-requisites, and two for the nursing curriculum. At the completion of the associates degree program, a student may sit for the national registered nurse licensing examination (NCLEX-RN). The overall pass rate for the UAA School of Nursing's associates degree program over the past fourteen years has been 95%, over the established national benchmark of 85%.

As mentioned above, the UAA School of Nursing also has a Bachelor of Science in Nursing program, as well as Master of Science programs, and provides bridging programs between the various educational levels. It tends to have a backlog of qualified candidates for the bachelors program, with accepted students typically waiting one to two semesters to enter. Approximately 59% of at least minimally qualified applicants for the associates degree program are rejected, many due to the school's limited enrollment capacity. It has been successful in recent years in increasing its population of Alaska Native nursing students through the RRANN (Recruitment and Retention of Alaska Native Nurses) program, which provides these students support in completing their education.

#### Weber State University (WSU)

Weber State University, based in Ogden, Utah, was invited to provide its nursing education programs in several locations in Alaska over the last decade.

At first WSU offered just an academic practical nurse program in several communities. This is somewhat different from the UAA vocational practical nurse program in that it has significant academic pre- and co-requisites. Both types of practical nurse programs prepare students to sit for the practical nurse licensing examination (NCLEX-PN).

Recently, Weber State began providing an associates degree nursing program in Alaska, using a fully distance-delivered, on-line format for its didactic component. Clinical instruction is provided either by local adjunct faculty, or delivered by Utah faculty who travel to Alaska to oversee clinical intensives. The WSU program requires academic pre- and co-requisite courses similar to the UAA associates degree program, with the additional requirement that entering students already be Certified Nursing Assistants (CNAs), giving them an underpinning of fundamental nursing skills.

This Weber State program is designed to provide articulation between levels. Its students are enabled to sit for the licensed practical nurse examination after completing the first year of their associates degree nursing curriculum, which is virtually the same as the academic practical nurse program. Once the second year of the associates degree program is complete, graduates may take the registered nurse licensing examination. The overall pass rate on national exams for all levels and locations of the WSU program is 90% on the first try. Their associates degree program is also expected to take approximately three years to accomplish, taking into consideration the pre- and co-requisites and the two-year nursing coursework.

The Weber State approach is much appreciated by those who have participated in its program, and is mostly lauded for its distance-delivered and flexible nature, its industry-responsiveness and student support. Some students benefit from the ability to sit for the LPN exam after the first year. They can then work as LPNs while continuing in the program, or can stop out for a time if necessary and still have a salable credential.

Directors of Nursing at WSU's clinical sites in Alaska are pleased with the knowledge level of the graduates, and that most have remained in their home communities. Weber State initially came to Alaska at the invitation of the University of Alaska Southeast to provide their model of education primarily to the southeast island communities of the state, whose prospective nurses are often unwilling or unable to attend school in Anchorage. It does not anticipate remaining in the state in the long term. WSU has responded to the interest of and invitation from Alaskans, and would reduce its presence if the university system in Alaska offered a similar alternative.

### **The Challenge**

The school of nursing of the University of Alaska Anchorage planned to enroll more than 40 associates degree students each year (including 24 in the distance-delivered component every other year), and about 60 to the bachelors program, or a few more than 100 students per year. The Weber State program would potentially admit another 24 enrollees every two years, at least through 2003. With minimal net attrition, the annual projection of graduate numbers, given stable output at this level, would average about 110 nurses annually.

This figure, compared with the anticipated annual openings of 220, is woefully inadequate to meet the projected nursing workforce needs of the state, much less contribute to reducing current vacancy rates. An accelerating loss of nurses through retirement, as well as increasing demand, is anticipated. Thus production of graduate nurses will have to double to just keep up with projected demand. This provides a significant opportunity for the University to partner with industry to provide innovative programs responsive to statewide need.

The practical nurse program at UAA anticipates graduating about 28 students annually, including from at least one distance site. Weber State would add about 24 practical nurse graduates every other year to that number, at least through 2004, when their presence in the state will be reevaluated based on whether Alaska sites continue to request their program and their Board of Regents approves continuation. The Alaska Vocational Technical Center (AVTEC) Anchorage location has proposed to the Board of Nursing to begin offering an LPN program later this year, admitting 20 students each year. So beginning in 2003 and continuing at least through 2004, there will be an average of 56 graduates of practical nursing programs in Alaska. It is expected that a number of these graduates will immediately continue on into registered nurse preparation programs. Nevertheless, this level of output should satisfy the industry's need for practical nurses, and should help offset the need for registered nurses to a limited extent until the supply of professional nurses catches up with demand.

# SENATE COMMITTEE REPORT

DATE: 5/1/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 5.07.04

Health, Education and Social Services Committee considered HOUSE BILL NO. 443

## HB 443 TEACHERS AND NURSES HOUSING LOAN PROGRAM

"An Act relating to eligibility of nurses for the teachers' and nurses' housing loan program of the Alaska Housing Finance Corporation."

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#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
REV	4/03			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			X	
<i>Beth Davis</i>	X			
<i>Gary Lee</i>			✓	
CHAIR: <i>[Signature]</i>	✓			

**HB**

**467**

# ALASKA STATE LEGISLATURE

## House of Representatives

COMMITTEE ASSIGNMENTS  
LABOR & COMMERCE COMMITTEE, CHAIRMAN  
COMMUNITY & REG. AFFAIRS COMMITTEE, MEMBER  
SPECIAL COMMITTEE ON OIL & GAS, MEMBER  
ADMINISTRATIVE REGULATION REVIEW COMMITTEE, MEMBER

website: <http://www.akRepublicans.org/Anderson.htm>

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### Representative Tom Anderson

email: [Representative\\_Tom\\_Anderson@legis.state.ak.us](mailto:Representative_Tom_Anderson@legis.state.ak.us)

#### MEMORANDUM

**DATE:** April 30, 2004

**TO:** Senator Fred Dyson, Chair  
Senate Health, Education & Social Services Committee

**FROM:** Representative Tom Anderson 

**RE:** CSHB 467(FIN) Commemorative Quarters Commission

---

At your earliest convenience, please schedule House Bill 467(FIN) Commemorative Quarters Commission for a hearing in the Senate Health, Education & Social Services Committee.

CSHB 467(FIN) establishes the Alaska Commemorative Coin Commission to make recommendations regarding the final design of the Alaska state quarter. CSHB 467(FIN) follows the federal authorizing legislation, the 50 States Commemorative Coin Program Act, requiring each state governor to initiate a concept selection process culminating in selection of a final design.

Thank you for your time and consideration of this matter.

# Alaska State Legislature

## House of Representatives



Official Business

State Capitol  
Juneau, AK 99801-1182

### **SPONSOR STATEMENT FOR CSHB 467(FIN)** **BY: Representative Tom Anderson**

**TITLE:** "An Act establishing the Alaska Commemorative Coin Commission to develop the design concepts and to make recommendations regarding the final design of the Alaska quarter under the 50 States Commemorative Coin Program Act; and providing for an effective date."

House Bill 467 follows the federal authorizing legislation, the "50 States Commemorative Coin Program Act", and establishes the 11-member Alaska Commemorative Coin Commission. Over a ten-year period from 1999 through 2008, the United States has and will annually issue five quarter dollar coins with state designs displayed on the reverse side of the coins. Each state has an opportunity to develop and submit designs representative of the state. A quarter honoring the State of Alaska is scheduled to be issued in 2008.

The Alaska Commemorative Coin Commission will consist of 11 members, of which 10 will be public members appointed by the governor. The governor or designee will occupy the 11<sup>th</sup> seat.

The Office of the Governor will initiate a public process to solicit narrative design concepts for the Alaska quarter. The commission shall review and consider all of the narrative design concepts it receives and will submit to the United States Mint not less than three, and not more than five, design concepts for the Alaska quarter. When the United States Mint provides the State of Alaska with its final designs, the commission will review the designs and make final recommendations to the governor.

The calendar year in which the Alaska quarter is to be issued will coincide with events leading to celebration of the 50<sup>th</sup> anniversary of Alaska statehood.

I urge your support of this important piece of legislation.

# LEGAL SERVICES

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

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

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

## MEMORANDUM

April 20, 2004

**SUBJECT:** CSHB 467(Finance), establishing the Alaska Commemorative Coin Commission -- sectional analysis (Work Order No. 23-LS1678\H)

**TO:** Representative Tom Anderson

**FROM:** Jack Chenoweth  
Assistant ~~Revisor~~ of Statutes

Jim Shine has asked for preparation of a sectional analysis of the above-captioned bill.

Under the schedule for issuance of the United States quarters that commemorate the various states, the commemorative coin program is set to conclude at the end of 2008, with the Alaska commemorative coin scheduled to be issued in the second half of 2008.

**Bill section 1** describes the purpose of the Act. It notes the key provision of the federal authorizing legislation, the 50 States Commemorative Coin Program Act, that requires each state governor to initiate a concept selection process that would culminate in selection of a final design.

**Bill section 2** establishes the 11-member Alaska Commemorative Coin Commission, with the governor to appoint 10 members and authorizing the governor himself or his designee to take the eleventh seat. It authorizes selection of one nominee from the Alaska State Council on the Arts and one from the state's public and private secondary and home study secondary students, together with two members from each of the four judicial districts. The bill section also contains standard provisions covering filling of commission vacancies, reimbursement for expenses, and quorum requirements.

**Bill section 3** spells out in general terms the commemorative coin selection process for the Alaska quarter, beginning with the solicitation of a design process, the review, consideration and recommendation of between three and five of the design concepts received, and the eventual selection of a final recommended design. Under the federal authorizing Act, the governor shall approve the final recommendation that would serve as the design for the Alaska commemorative quarter. There is a specific provision that reminds the commission that, in 2008, the year of the quarter's issuance and circulation, the state will be approaching the 50th anniversary of Statehood.

**Bill section 4** terminates the Alaska Commemorative Coin Commission January 1, 2009.

Representative Tom Anderson  
April 20, 2004  
Page 2

**Bill section 5** gives the measure a January 1, 2005, effective date.

JBC:med  
04-430.med

## LEGAL SERVICES

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

### MEMORANDUM

April 20, 2004

**SUBJECT:** CSHB 467(FIN), establishing the Alaska Commemorative Coin Commission (Work Order No. 23-LS1678H)

**TO:** Representative Bill Williams, Co-Chair  
Representative John Harris, Co-Chair  
House Finance Committee

**FROM:** Jack Chenoweth  
Assistant Revisor of Statutes

In early versions of House Bill 467, the appointing authority for the eleven member Commemorative Coin Commission was to be divided between the governor and the legislature's presiding officers. Incorporating amendment D.1 into CSHB 467(STA) to produce CSHB 467(FIN) eliminates multiple appointing authorities and means that the governor will appoint all ten members of this commission and will assume the eleventh seat himself or assign a designee.

To that end, in addition to incorporating the text of the amendment as directed, I also changed language in the bill's section 2(c) to replace reference to "the officer responsible for appointing that member" to "the governor."

JBC:med  
04-433.med

cc: Representative Tom Anderson, bill sponsor

### **Changes to HB 467 in (H) STA**

Page 2, line 23, after the word "school" add or a home study secondary student. This was an amendment by a fifth grade class to include a home study student in the provision for selecting a student to serve on the commission.

### **Changes to CSHB 467(STA) in (H) JUD**

Page 2, line 18: Delete [SIX] and insert 10.

Page 2, line 26: Delete [ONE MEMBER SHALL BE A RESIDENT], and insert two members shall be residents.

Page 2, line 28, through page 3, line 3: Delete all material.

Page 3, line 4: Delete [4], and insert 2.

This amendment removed the four legislative positions from the commission and replaced them with one more public member from each of the four judicial districts in the state.

The House Finance Committee reduced the fiscal note to zero.

# Frequently Asked Questions (FAQ)

## How do I submit a design?

Your design must be submitted to the Governor of your state or to the selection committee approved by the Governor. The Governor of your state will be contacted approximately 18 to 24 months prior to the release of their state quarter. Most Governors have appointed a selection committee to organize the collection of submissions. Watch your Governors website for info on when and where to submit a design.

## What is required to submit a design?

The design will need to be submitted on an 8.5 x 11 sheet of paper. The design concept can be a written description, computer drawing, a sketch or a finished drawing. A quarter template ([GIF](#), [EPS](#) or [PDF](#)) provided by the mint can be used, but is not required. An Entry Form and signed Release Form must be submitted along with the design.

## How are designs selected for the state quarters?

Designs for the quarter will be reviewed by a selection committee approved by the Governor. The committee will make recommendations to the Governor regarding preliminary designs. The Governor and First Lady will select no fewer than 3 and no more than 5 preliminary designs to be submitted to the U.S. Mint. The U.S. Mint reviews the designs for appropriate images and clarity of reproduction. All designs submitted to the U.S. Mint are subject to modifications as needed to meet Federal specifications for coinability. Final design images created by the U.S. Mint may combine elements of more than one design concept. Creators of successful designs surrender all rights to images used in production, marketing, promotions, and other activities related to the U.S. Mint's 50 State Quarters Program. Artists must provide proof of design originality.

## Who is selecting the final designs?

The Governor will in whatever method he chooses select the final design from the artists concept drawings returned to him from the U.S. Mint. Final approval is made by the Secretary of the Treasury.

## What designs are acceptable for the 50 State Quarters?

Designs should be tasteful, and have broad appeal to the citizens of the state. They should avoid controversial subjects or symbols that may offend others. Suitable images may include: landscapes, state landmarks (natural or man-made), historically significant events, historically significant buildings, symbols of state resources or industries, official state flora and fauna, state icons, and state outlines. Priority consideration will be given to designs and concepts that are enduring representations of the state.

## Are there any images unacceptable for the 50 State Quarters?

Yes. The U.S. Mint will not accept state flags and seals, logos, or emblems of specific commercial, private, educational, civic, religious, or sports organizations. Images may not include the likeness of a living person.

## If I use copyrighted material in my design, what do I need to do?

Copyrighted material may be used if it is possible to obtain the legal rights to prepare design renderings. If copyrighted materials are used, the copyright holder must complete the U.S. Mint's Release Form. If you wish to send artwork that depicts a concept, please sign and send the Release Form with your submission.

**Can anyone submit a design?**

Yes. Designs may be submitted by anyone, of any age. Most states have only opened their contest to receive submissions from residents of their state. All designs become the property of the state. Most designs will not be returned.

**What is the deadline for submitting a design?**

States are asked to submit 3 to 5 designs to the U.S. Mint approximately 18 months prior to the release date of the state quarter.

**Will my design be returned to me?**

Probably not. Most designs become the property of the state and will not be returned.

**Can a person submit more than 1 design?**

The method of collection of submissions is at the discretion of the Governor of your state or the appointed selection committee. Most states have opened their contest only to residents of the state and only accepted 1 design per resident.

**When and how will the design finalists be notified?**

This varies by the deadline required by the U.S. Mint for the individual state and is at the discretion of the Governor or the appointed selection committee.

**What is the 50 State Commemorative Quarter Program?**

The 50 State Commemorative Quarter Program is a 10-year initiative commemorating each of the 50 states. States are honored in the order in which they ratified the Constitution and joined the Union. The first quarters went into circulation in 1999. The program will end with the final states in 2008. The program may be extended to accommodate additional states if acquired before the end of the program.

**When will a commemorative quarter for my state be released?**

The complete list of states and when their coins will be issued can be found on the [50 State Commemorative Quarter Release Dates](#) page.

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# Design Selection Process

## Overview

The Fifty States Commemorative Coin Program Act ([Public Law 105-124](#)), signed by President Clinton on December 1, 1997, provides for the redesign of the reverse side of the quarter dollars with designs emblematic of each of the 50 States. The Washington portrait will remain on the obverse of the quarters. The program provides for five States to be featured each year for a ten-year period and that each State will be honored in the order of that State's admission to the United States.

## Procedure

### Stage 1

The Mint will contact the Governor approximately 24 months prior to the beginning of the year in which the State will be honored to initiate the State design process. The Governor will appoint an individual from the State to serve as the Mint's liaison for this program.

### Stage 2

The State will identify and provide to the Mint a minimum of 3 and a maximum of 5 different design concepts or themes emblematic of the State. The process for identifying concepts will be one of the States' choosing. Concepts should be provided to the Mint, accompanied by supporting material as appropriate – for example, photographs or sketches of landmarks, landscapes, historical buildings, or official depictions of State symbols. If copyrighted materials are used, releases must be provided from the copyright holders. **(Please Note: Any artwork submitted without proper releases will not be considered.)**

### Stage 3

The Mint will review concepts for appropriateness and coinability. If fewer than three concepts are submitted, the Mint will develop additional concepts as necessary.

### Stage 4

The Mint will produce drawings of all design concepts.

### Stage 5

The Citizens Commemorative Coin Advisory Committee (CCCAC) will review drawings and recommend candidate designs.

### Stage 6

The U.S. Fine Arts Commission will review candidate designs.

### Stage 7

Candidate designs will be presented to the Secretary of the Treasury for review and approval.

### Stage 8

The Mint will return approved designs to the Governor for selection of the State design.

### Stage 9

The State will select the State design through a process determined by the Governor, within a timeframe specified by the Mint.

### Stage 10

Final design will be returned to Treasury for approval by the Secretary or his designee.

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# Design Concept Parameters

## Legislation

Public Law 105-124 provides for designs to be submitted in accordance with the design selection and approval process developed by the Treasury Secretary in the sole discretion of the Secretary. The law further requires that, "because it is important that the Nation's coinage and currency bear dignified designs of which the citizens of the United States can be proud, the Secretary shall not select any frivolous or inappropriate design" and "no head and shoulders portrait or bust of any person, living or dead, and no portrait of a living person may be included in the design."

## Criteria

Designs shall maintain a dignity befitting the Nation's coinage.

Designs shall have broad appeal to the citizens of the State and avoid controversial subjects or symbols that are likely to offend.

Suitable subject matter for design concepts include State landmarks (natural and man-made), landscapes, historically significant buildings, symbols of State resources or industries, official State flora and fauna, State icons (eg., Texas Lone Star, Wyoming bronco, etc.), and outlines of the State.

State flags and State seals are not considered suitable for designs.

Designs limited to one or two concepts, as opposed to multiple concepts, translate best as designs on the small template of the quarter.

Consistent with the authorizing legislation, the States are encouraged to submit concepts that promote the diffusion of knowledge among the youth of the United States about the State, its history and geography, and the rich diversity of our national heritage.

Priority consideration will be given to designs and concepts that are enduring representations of the State. Coins have a commercial lifespan of at least 30 years and are collected for generations.

Inappropriate design concepts include, but are not limited to the following: logos or depictions of specific commercial, private, educational, civic, religious, sports, or other organizations whose membership or ownership is not universal.

Concepts or background materials submitted to the Mint which are covered by copyright, trademark, or other rights (such as privacy and publicity rights) **must** include a release acceptable to the Mint from the rights owner that allows the concept or materials to be used on the coin, in marketing and promotional materials, and on the Mint's website for unlimited worldwide distribution without charge or restriction. **(Please Note: Any artwork submitted without proper releases will not be considered.)**

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finalists are chosen.

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**50 States Commemorative Coin Program Act (Enrolled Bill)**

--S.1228--

S.1228

*One Hundred Fifth Congress*

*of the*

*United States of America*

*AT THE FIRST SESSION*

Begun and held at the City of Washington on Tuesday,

the seventh day of January, one thousand nine hundred and ninety-seven

An Act

To provide for a 10-year circulating commemorative coin program to commemorate each of the 50 States, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the '50 States Commemorative Coin Program Act'.

**SEC. 2. FINDINGS.**

The Congress finds that--

(1) it is appropriate and timely--

(A) to honor the unique Federal republic of 50 States that comprise the United States; and

(B) to promote the diffusion of knowledge among the youth of the United States about the individual States, their history and geography, and the rich diversity of the national heritage;

(2) the circulating coinage of the United States has not been modernized during the 25-year period preceding the date of enactment of this Act;

(3) a circulating commemorative 25-cent coin program could produce earnings of \$110,000,000 from the sale of silver proof coins and sets over the 10-year period of issuance, and would produce indirect earnings of an estimated \$2,600,000,000 to \$5,100,000,000 to the United States Treasury, money that will replace borrowing to fund the national debt to at least that extent; and

(4) it is appropriate to launch a commemorative circulating coin program that encourages young people and their families to collect memorable tokens of all of the States for the face value of the coins.

**SEC. 3. ISSUANCE OF REDESIGNED QUARTER DOLLARS OVER 10-YEAR PERIOD COMMEMORATING**

## EACH OF THE 50 STATES.

Section 5112 of title 31, United States Code, is amended by inserting after subsection (k) the following new subsection:

**“(1) REDESIGN AND ISSUANCE OF QUARTER DOLLAR IN COMMEMORATION OF EACH OF THE 50 STATES-**

**“(1) REDESIGN BEGINNING IN 1999-**

**“(A) IN GENERAL-** Notwithstanding the fourth sentence of subsection (d)(1) and subsection (d)(2), quarter dollar coins issued during the 10-year period beginning in 1999, shall have designs on the reverse side selected in accordance with this subsection which are emblematic of the 50 States.

**“(B) TRANSITION PROVISION-** Notwithstanding subparagraph (A), the Secretary may continue to mint and issue quarter dollars in 1999 which bear the design in effect before the redesign required under this subsection and an inscription of the year ‘1998’ as required to ensure a smooth transition into the 10-year program under this subsection.

**“(2) SINGLE STATE DESIGNS-** The design on the reverse side of each quarter dollar issued during the 10-year period referred to in paragraph (1) shall be emblematic of 1 of the 50 States.

**“(3) ISSUANCE OF COINS COMMEMORATING 5 STATES DURING EACH OF THE 10 YEARS-**

**“(A) IN GENERAL-** The designs for the quarter dollar coins issued during each year of the 10-year period referred to in paragraph (1) shall be emblematic of 5 States selected in the order in which such States ratified the Constitution of the United States or were admitted into the Union, as the case may be.

**“(B) NUMBER OF EACH OF 5 COIN DESIGNS IN EACH YEAR-** Of the quarter dollar coins issued during each year of the 10-year period referred to in paragraph (1), the Secretary of the Treasury shall prescribe, on the basis of such factors as the Secretary determines to be appropriate, the number of quarter dollars which shall be issued with each of the 5 designs selected for such year.

**“(4) SELECTION OF DESIGN-**

**“(A) IN GENERAL-** Each of the 50 designs required under this subsection for quarter dollars shall be-

**“(i) selected by the Secretary after consultation with--**

**“(i) the Governor of the State being commemorated, or such other State officials or group as the State may designate for such purpose; and**

**“(II) the Commission of Fine Arts; and**

**“(ii) reviewed by the Citizens Commemorative Coin Advisory Committee.**

**“(B) SELECTION AND APPROVAL PROCESS-** Designs for quarter dollars may be submitted in accordance with the design selection and approval process developed by the Secretary in the sole discretion of the Secretary.

**“(C) PARTICIPATION-** The Secretary may include participation by State officials, artists from the

States, engravers of the United States Mint, and members of the general public.

`(D) STANDARDS- Because it is important that the Nation's coinage and currency bear dignified designs of which the citizens of the United States can be proud, the Secretary shall not select any frivolous or inappropriate design for any quarter dollar minted under this subsection.

`(E) PROHIBITION ON CERTAIN REPRESENTATIONS- No head and shoulders portrait or bust of any person, living or dead, and no portrait of a living person may be included in the design of any quarter dollar under this subsection.

`(5) TREATMENT AS NUMISMATIC ITEMS- For purposes of sections 5134 and 5136, all coins minted under this subsection shall be considered to be numismatic items.

`(6) ISSUANCE-

`(A) QUALITY OF COINS- The Secretary may mint and issue such number of quarter dollars of each design selected under paragraph (4) in uncirculated and proof qualities as the Secretary determines to be appropriate.

`(B) SILVER COINS- Notwithstanding subsection (b), the Secretary may mint and issue such number of quarter dollars of each design selected under paragraph (4) as the Secretary determines to be appropriate, with a content of 90 percent silver and 10 percent copper.

`(C) SOURCES OF BULLION- The Secretary shall obtain silver for minting coins under subparagraph (B) from available resources, including stockpiles established under the Strategic and Critical Materials Stock Piling Act.

`(7) APPLICATION IN EVENT OF THE ADMISSION OF ADDITIONAL STATES- If any additional State is admitted into the Union before the end of the 10-year period referred to in paragraph (1), the Secretary of the Treasury may issue quarter dollar coins, in accordance with this subsection, with a design which is emblematic of such State during any 1 year of such 10-year period, in addition to the quarter dollar coins issued during such year in accordance with paragraph (3)(A).'

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## 50 State Commemorative Quarter Release Dates

Year	Quarter Mintage	Release Date	State	Statehood Date	State Totals
<b>1999</b>	4,430,940,000	January 01, 1999	Delaware	December 07, 1787	774,824,000
		March 08, 1999	Pennsylvania	December 12, 1787	707,332,000
		May 17, 1999	New Jersey	December 18, 1787	662,228,000
		July 19, 1999	Georgia	January 02, 1788	939,932,000
		October 12, 1999	Connecticut	January 09, 1788	1,346,624,000
<b>2000</b>	6,470,932,000	January 03, 2000	Massachusetts	February 06, 1788	1,163,784,000
		March 13, 2000	Maryland	April 28, 1788	1,234,732,000
		May 22, 2000	South Carolina	May 23, 1788	1,308,784,000
		August 07, 2000	New Hampshire	June 21, 1788	1,169,016,000
		October 16, 2000	Virginia	June 25, 1788	1,594,616,000
<b>2001</b>	4,806,984,000	January 02, 2001	New York	July 26, 1788	1,275,040,000
		March 12, 2001	North Carolina	November 21, 1789	1,055,476,000
		May 21, 2001	Rhode Island	May 29, 1790	870,100,000
		August 06, 2001	Vermont	March 04, 1791	882,804,000
		October 15, 2001	Kentucky	June 01, 1792	723,564,000
<b>2002</b>	3,313,304,000	January 02, 2002	Tennessee	June 01, 1796	648,068,000
		March 11, 2002	Ohio	March 01, 1803	632,032,000
		May 20, 2002	Louisiana	April 30, 1812	763,804,000
		August 2, 2002	Indiana	December 11, 1816	689,800,000
		October 15, 2002	Mississippi	December 10, 1817	579,600,000
<b>2003</b>	2,280,400,000	January 2, 2003	Illinois	December 03, 1818	463,200,000
		March 17, 2003	Alabama	December 14, 1819	457,400,000
		June 2, 2003	Maine	March 15, 1820	448,800,000
		August 4, 2003	Missouri	August 10, 1821	453,200,000
		October 20, 2003	Arkansas	June 15, 1836	457,800,000
<b>2004</b>		January 26, 2004	Michigan	January 26, 1837	
		March 29, 2004*	Florida	March 03, 1845	
		May, 2004*	Texas	December 29, 1845	
		August, 2004*	Iowa	December 28, 1846	
		October, 2004*	Wisconsin	May 29, 1848	
<b>2005</b>		January, 2005*	California	September 09, 1850	
		March, 2005*	Minnesota	May 11, 1858	

		May, 2005*	Oregon	February 14, 1859	
		August, 2005*	Kansas	January 29, 1861	
		October, 2005*	West Virginia	June 20, 1863	
<b>2006</b>		January, 2006*	Nevada	October 31, 1864	
		March, 2006*	Nebraska	March 01, 1867	
		May, 2006*	Colorado	August 01, 1876	
		August, 2006*	North Dakota	November 02, 1889	
		October, 2006*	South Dakota	November 02, 1889	
<b>2007</b>		January, 2007*	Montana	November 08, 1889	
		March, 2007*	Washington	November 11, 1889	
		May, 2007*	Idaho	July 03, 1890	
		August, 2007*	Wyoming	July 10, 1890	
		October, 2007*	Utah	January 04, 1896	
<b>2008</b>		January, 2008*	Oklahoma	November 16, 1907	
		March, 2008*	New Mexico	January 06, 1912	
		May, 2008*	Arizona	February 14, 1912	
		August, 2008*	Alaska	January 03, 1959	
		October, 2008*	Hawaii	August 21, 1959	

\*Approximate release dates

These figures were derived from the [US Mint web site](#).

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# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSHB 467 (STA)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: GOV  
Title "An Act establishing the Alaska BRU Executive Operations  
Commemorative Coin Commission..." Component Executive Office  
Sponsor Representative Anderson  
Requester House Finance Committee Component No. 6

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

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

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

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (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	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

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

Prepared by: \_\_\_\_\_  
Rep. Williams, Co-Chair *[Signature]*  
Rep. Harris, Co-Chair *[Signature]*

Phone 465-3424  
Date/Time 4/19/04 2:38 PM  
Date 4/19/2004



Official Business

# Alaska State Legislature

## Senate

### Office of the Secretary

State Capitol, Room 213  
Juneau, Alaska 99801-1182  
Phone: (907) 465-3701  
Fax: (907) 465-2832  
Email: senate\_secretary@legis.state.ak.us

#### **FOR YOUR IMMEDIATE ATTENTION**

*J Signed  
JK + gave back*

DATE: May 2, 2004

TO: Health, Education and Social Services Committee  
(Jason, Room 121)

FROM: Office of the Senate Secretary

SUBJ: Referral Change

The Chair of the Committee noted above has waived the referral(s) on the following bills(s):

#### **RETRIEVE**

CS FOR HOUSE BILL NO. 467(FIN)

"An Act establishing an Alaska Commemorative Coin Commission to develop the design concepts and to make recommendations regarding the final design of the Alaska quarter under the 50 States Commemorative Coin Program Act; and providing for an effective date."

Please give the bill file(s) to the page delivering this message for forwarding to the next Committee of referral.

Thank you.

HB

500


# REPRESENTATIVE RALPH SAMUELS

HOUSE DISTRICT 29

## Memorandum

**Date:** April 28, 2004

**To:** Senator Fred Dyson, Chair  
Senate Health, Education and Social Services Committee

**From:** Representative Ralph Samuels 

**RE:** Hearing request for House Bill 500

---

Please schedule HB 500 for the House Floor Session at your earliest convenience. This legislation simply adds the Joint Commission on Accreditation of Health Care Organizations (JCAHO) to the narrow definition of a "review organization."

In this packet:

- I. HB 500
- II. Sponsor Statement
- III. Fiscal Notes (Two zero)

Email: [Representative\\_Ralph\\_Samuels@legis.state.ak.us](mailto:Representative_Ralph_Samuels@legis.state.ak.us)

Session: Alaska State Capitol, Juneau, Alaska 99801-1182 • Phone: (907) 465-2095 Fax: (907) 465-3810  
Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0240 Fax: (907) 269-0242

# REPRESENTATIVE RALPH SAMUELS

---

## HOUSE DISTRICT 29

### House Bill 500 Sponsor Statement

“An Act relating to medical review organizations; and providing for an effective date.”

House Bill 500 simply adds the Joint Commission on Accreditation of Health Care Organizations (JCAHO) to the narrow definition of a “review organization.”

The Joint Commission on Accreditation of Health Care Organizations is the principle independent organization that performs accreditation of hospitals throughout the United States, including Alaska. JCAHO recently implemented a new program requiring hospitals to undergo a Periodic Performance Review (PPR) to achieve continuous standards compliance and, thus, continuous provision of safe, high-quality health care.

The current statute defines a “review organization” expressly and narrowly and is silent as to the major organization conducting hospital accreditation in our state, JCAHO. Without the change in this legislation, a party in an unrelated civil action, could argue vigorously that JCAHO is well known within the health care community as the primary accreditation instrument for hospitals in the United States, and that it would have been a very easy matter for the legislature to have included it in the definition of a “review organization.” It could be asserted that the courts have no business re-writing statutes to include provisions that it thinks the legislature would have included if it had thought of it at the time that provision was enacted. Thus, there is a very real danger that information provided to JCAHO as part of this process would not be treated as confidential.

This legislation is necessary so that hospitals will feel free to fully report all the information required by JCAHO in an open manner and promote quality healthcare in Alaska.

# FISCAL NOTE

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

Fiscal Note Number: 1  
 Bill Version: HB 500  
 (H) Publish Date: 3/29/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title Medical Review RDI: Occupational Licensing (117)  
Organization Component Occupational Licensing  
 Sponsor Samuels  
 Requester House HESS Component No. 2360

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

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

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

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156 - Receipt Supported Services						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (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)

HB 500 amends AS 08.18.23.070(5) to add a new subsection (D). New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
 Division: Occupational Licensing Date/Time 3/23/04 10:28 AM  
 Approved by: Edgar Blatchford, Commissioner Date 3/23/2004  
 Agency: Department of Community and Economic Development

# SENATE COMMITTEE REPORT

DATE: 04/22/04

FURTHER:

DATE TURNED  
IN TO OFFICE: 4.30.04

Health, Education and Social Services Committee considered HOUSE BILL NO. 500(title am)

## HB 500 MEDICAL REVIEW ORGANIZATION

"An Act including the Joint Commission on Accreditation of Healthcare Organizations under the definition of medical review organizations."

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#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
DCED	3/23			✓	1
HSS	3/24			✓	2

APPROPRIATION - no fiscal note

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

HB

5 1 1

# **REPRESENTATIVE RALPH SAMUELS**

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**HOUSE DISTRICT 29**

## **Memorandum**

**Date:** April 29, 2004

**To:** Senator Fred Dyson, Chair  
Senate Health, Education and Social Services Committee

**From:** Representative Ralph Samuels

**RE:** Hearing Request for House Bill 511

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Please schedule a hearing for HB 511 at your earliest convenience. This legislation modifies certain aspects of the Certificate of Need Program.

In this packet:

- I. CS HB 511 (HES)
- II. Sponsor Statement
- III. Fiscal Notes (Two Zero)
- IV. Sectional Analysis
- V. Letter from Department of Health and Social Services
- VI. Certificate of Need thresholds by state

Email: [Representative\\_Ralph\\_Samuels@legis.state.ak.us](mailto:Representative_Ralph_Samuels@legis.state.ak.us)

Session: Alaska State Capitol, Juneau, Alaska 99801-1182 • Phone: (907) 465-2095 Fax: (907) 465-3810  
Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0240 Fax: (907) 269-0242

# REPRESENTATIVE RALPH SAMUELS

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HOUSE DISTRICT 29

## CS House Bill 511 Sponsor Statement

**“An Act relating to the certificate of need program for health care facilities; and providing for an effective date.”**

The Certificate of Need review process, which is administered by the Department of Health and Social Services, establishes a set of statutory criteria to guide the development of new healthcare facilities and services in Alaska. Among the objectives of the program are ensuring reasonable access to needed healthcare services throughout the state without unnecessary service duplication and assuring that the need, cost, type, level, quality, and feasibility of providing any new health services be subject to review and assessment prior to any offering or development. In that process, a focus is placed on managing growth in capital expenditures in order to ensure that the new services will provide high-quality services in a cost-effective manner.

With the demand for healthcare services constantly evolving and technology rapidly changing, the resulting impact on the state's existing statutes must be addressed from time to time. It is in that vein that I am sponsoring this piece of legislation. Current state law governing this program requires any person wishing to expend \$1,000,000 or more to construct a health care facility, alter the bed capacity of a health care facility, or add a category of health services provided by a health care facility, must apply for a Certificate of Need. That law leaves a gaping hole in state oversight in that any person who wishes to establish or alter a health care facility or related service may circumvent the Certificate of Need process by simply leasing space and equipment. This legislation seeks to “level the playing field” by subjecting all those seeking to provide these services to the same rules.

Additionally, the number of Alaska's children and youth who are sent out of state for residential psychiatric treatment has skyrocketed from 83 children in FY98 to 528 children in FY02. The state infrastructure must be developed to provide a comprehensive system of behavioral health care. However, uncontrolled growth could result in a system focused on the most intensive care, not necessarily the most effective or needed care. While the state is anxious to build up the necessary in-state capacity needed to serve Alaskan children with in-state care, without safeguards in place, secure care could quickly be overbuilt. Since all children and youth served by residential psychiatric treatment centers (RPTCs) are paid for by Medicaid after 30 days in an out-of-home placement, this becomes a Medicaid issue. Adding secure residential psychiatric treatment facilities to the Certificate of Need (CON) program would be an advantage to the state in managing the way in which the service delivery system is developed.

Email: [Representative\\_Ralph\\_Samuels@legis.state.ak.us](mailto:Representative_Ralph_Samuels@legis.state.ak.us)

Session: Alaska State Capitol, Juneau, Alaska 99801-1182 • Phone: (907) 465-2095 Fax: (907) 465-3610  
Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0240 Fax: (907) 269-0242

# FISCAL NOTE

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

Fiscal Note Number: 1  
 Bill Version: CSHB 511(HES)  
 ( H ) Publish Date: 3/24/04  
 Dept. Affected: Health & Social Services  
 RDU: Public Health  
 Component: Community Health/EMS Services

Revision Date/Time (Note if correction):

Title: RELATING TO CERTIFICATES OF NEED

Sponsor: SAMUELS

Requester: HOUSE (HES)

Component No.: 2078

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

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (0)</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

It is difficult to estimate how much actual additional CON work this bill would generate for the Department. Our rough projection of 5 new CON applications per year would be absorbed by existing staff, thus this zero fiscal note.

However, should CON applications increase dramatically in the future, then a new position (Health Planner II, \$82,500) would be needed, as well as additional travel (\$10,000) and contractual services (\$10,000) - for a total projected annual cost of \$102,500.

Prepared by: Sherrv Hill, Special Assistant  
 Division: Office of the Commissioner  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-1618  
 Date/Time 03/01/2004  
 Date 03/01/2004

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
 Bill Version: CSHB 511(HES)  
 ( H ) Publish Date: 3/24/04  
 Dept. Affected: Health & Social Services  
 RDU: Behavioral Health  
 Component: Behavioral Hlth Medicaid Svcs

Revision Date/Time (Note if correction):  
 Title: RELATING TO CERTIFICATES OF NEED

Sponsor: SAMUELS  
 Requester: HOUSE (HES)

Component No. 2660

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

<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Passage of this legislation will make Residential Psychiatric Treatment Centers (RPTC) subject to the requirements of the state's Certificate of Need law. While the department is aware that there is considerable interest in developing additional RPTC capacity, the department has no reliable data to predict how many additional facilities or beds may be licensed in the near-term and is therefore unable to calculate the impact on the Medicaid program.

Over the long-term, the department believes that controlling RPTC capacity through the CON program and encouraging the development of lower levels of health care for children, Medicaid costs will be less than would otherwise be the case and the quality of care provided to Alaskan children will be improved. (continued on page 2)

Prepared by: Sherry Hill, Special Assistant Phone 465-1618  
 Division: Office of the Commissioner Date/Time 03/01/2004  
 Approved by: Joel S. Gilbertson, Commissioner Date 03/01/2004  
 Agency: Department of Health and Social Services

FISCAL NOTE

FN # 2

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSHB 511(HES)

ANALYSIS CONTINUATION

RPTC services are expensive and the costs continue to increase. In FY 02 Alaska spent \$32.2 million to provide RPTC services to 728 children, most between the ages of 7 and 19. The total number of youth served in the program has increased 222% from 226 in 1998 to 728 in 2002. The total amount spent on RPTC care has risen 485% in four years, from \$5.5 million in 1998 to \$32.2 million in 2002.

The average per diem rate to keep children in RPTC facilities outside Alaska in 2002 was \$55 per day lower than in-state care (\$303 in-state to \$248 per day out-of-state). However, the average length of stay for a child in out-of-state placement was longer (141 days compared to 118 days). Some out of state services are specialized services not currently offered in Alaska. Best practices indicate children are better served closer to home and that in-state care facilitates involvement in treatment and discharge planning to improve transition for children or youth back into community based care, reducing length of stay and readmissions.

Although the cost cannot be estimated, the transition from out-of-state care to in-state care could be very costly if proper planning and development are not done. It is important to ensure that the beds are distributed according to community need and that support services are in place so that children do not end up in higher, more expensive levels of care for a longer period than necessary. Developing capacity to serve these children in Alaska will create more jobs in Alaska and ensure that Alaskan dollars are spent in Alaska. It is conceivable that up to 150 new RPTC beds could be built in Alaska in a number of facilities with construction costs of up to \$3 to \$10 million and cost of care could be up to \$20 million.

This \$20 million is not expected to be a cost that is in addition to the \$32 million currently spent, but will reduce the amount spent out of state if the development is well planned. If development is not well planned, there will be additional costs.

# LEGAL SERVICES

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

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


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

## MEMORANDUM

March 31, 2004

**SUBJECT:** Certificate of Need Program (CSHB 511(HES))

**TO:** Representative Ralph Samuels  
Attn: Sara Nielsen

**FROM:** Jean M. Mischel  
Legislative Counsel 

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

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

**Section 1.** Removes the prohibition on using the site from a relocated health care facility for another health care facility without a new certificate of need.

**Section 2.** Limits the relocation of a health care facility without a certificate of need to one time. Defines the term "expenditure" for purposes of relocating a health care facility.

**Section 3.** Adds residential psychiatric treatment centers to current requirement for review standards for certificate of need applicants. Changes the term "health care facility" to "nursing home" in the context of review standards.

**Section 4.** Amends definition of "health care facility" to include independent diagnostic testing facilities and residential psychiatric treatment centers. Changes reference to Department of Administration to the correct reference to the Department of Health and Social Services as administrator of Alaska Pioneers' Homes.

**Section 5.** Adds a definition of "residential psychiatric treatment center."

**Section 6.** Provides applicability section for section 2 of the bill for certain lease agreements entered into on or after the effective date of the bill.

**Section 7.** Establishes an immediate effective date for the bill.

JMM:med  
04-348.med

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

### DIVISION OF ADMINISTRATIVE SERVICES

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110650  
JUNEAU, ALASKA 99811-0650  
PHONE: (907) 465-3092  
FAX: (907) 465-2499

March 15, 2004

The Honorable Peggy Wilson, Chair  
The Honorable Carl Gatto, Vice-Chair  
House HESS Committee  
State Capitol, Room 104 and 411  
Juneau, AK 99801-1182

Dear Representatives Wilson and Gatto:

Recently, members of the House Health Education and Social Services (HESS) Committee received correspondence from Tanana Valley Clinic regarding HB 511-Certificate of Need Bill. The correspondence alleges that the Certificate of Need program has approved 99% of all the projects submitted for CON consideration, which is not accurate.

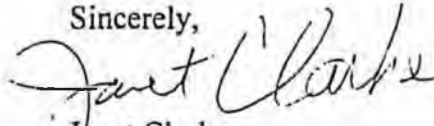
To clear up any confusion on the subject, the department completed an analysis of Certificate of Need approvals, disapprovals, etc. and in *Attachment #1* have provided the analysis.

Also attached for your information, in *Attachment #2*, is a summary of Questions and Answers related to Certificate of Need.

We have also had questions concerning the number and activity of "competing applications", *Attachment #3* includes information on this subject.

I hope this information is useful to all members of the House HESS Committee. If you have any further questions I will be available on Thursday March 18, 2004 to testify on HB 511 you can also contact me at 465-1630.

Sincerely,



Janet Clarke  
Assistant Commissioner

cc: Representative John Coghill, Capitol Building 204  
Representative Paul Seaton, Capitol Building, Room 428  
Representative Kelly Wolf, Capitol Building, Room 418  
Representative Sharon Cissna, Capitol Building, Room 420  
Representative Mary Kapsner, Capitol Building, Room 424  
Joel Gilbertson, Commissioner  
Sherry Hill, Special Assistant

## RESPONSE TO TVC ASSERTIONS

Tanana Valley Clinic has asserted that 1) the CON review process automatically "rubber stamps" hospital projects; 2) none of the non-hospital CONs are approved; 3) that the true purpose of the CON program is to protect hospitals from competition; and 4) that 99% of applicants are approved, which indicates that CON is an unnecessary and expensive process. The clinic urges that the program be eliminated.

**1) Rubber Stamping:** There are 5 possible outcomes to a certificate of need review 1) approval as requested; 2) denial; 3) partial approval (which could be considered partial denial); 4) approval but with special conditions; and 5) withdrawal of an application. The Commissioner has the authority to approve an application, but may attach special conditions such as allowing an activity to be shelved in but delaying full implementation until a certain use rate is reached.

The Department has reviewed 36 certificate of need applications since 1996; 61% were approved as requested and 39% were not approved as requested. Of those not approved as requested, 11% were denied, 11% partially approved, 6% withdrawn and 14% were given special conditions that had to be met. (See attached chart. Percentages are more than 100% because a decision may include both a special condition and partial approval).

Of the 39% that were not approved as requested: 50% of the denials or partial approval/denials were for hospitals or collocated facilities (hospital and nursing home together), 38% were for Ambulatory Surgery Centers; and 12% were freestanding nursing home beds. 50% of withdrawn applications were for nursing home beds and 50% for acute inpatient psych beds. 60% of the special conditions were for acute hospitals and 40% for acute inpatient psych beds. *The fact that only 61% of all applications are approved as requested, that hospitals and nursing homes are denied or given conditional approval shows that there is no "rubber stamping" going on.*

**2) Non-hospital CON approval:** Most of the approved CON applications are from acute care hospitals, nursing homes and kidney dialysis centers because they are required to go through the CON process while other organizations are not required to go through the process or can avoid the process in some way. Most ambulatory surgery centers are able to lease equipment or space in a building and avoid CON. Only 6 CON applications for freestanding ambulatory surgery centers have been received since the inception of the CON program 27 years ago. Fifty percent of these were approved. Independent diagnostic testing facilities are not required to go through the CON process, so no applications have ever been received from them. Other non-acute care hospital facilities that have had CON applications approved include free-standing nursing home facilities, freestanding psychiatric hospitals, and kidney dialysis centers. Although there are no longer any Intermediate Care facilities for the Mentally Retarded in the Alaska, the CON applications for these services were approved in the past.

**3) The CON program protect's hospitals from competition:** It is difficult to imagine that the CON program is protecting hospitals from competition since many ambulatory surgery centers are able to avoid CON and independent diagnostic centers are not covered by CON. Since 1996 a number of freestanding facilities in Anchorage, Wasilla and Kenai have been built without a CON that would have required a CON if built by a hospital. For example, Alaska Open

imaging has opened facilities in Wasilla, Anchorage and Soldotna without a CON and purchased a PET scanner. Providence had to go through the CON process to get approval for a PET scanner. Anchorage Fracture Clinic purchased an MRI, and several ASCs in Anchorage were able to develop projects without a CON that hospitals would have to go through the CON process to build or buy the equipment. A private group of physicians built a cardiac cath lab without a CON. Also, if the Department's goal is to protect hospitals from competition, why do hospitals appeal our decisions?

**4) 99% of applicants are approved, which indicates that CON is unnecessary:**

This is not true. As can be seen from the data supplied on the attached page *only 61% of the applications were approved as requested* and overall, *11% of the applications were denied outright*. The fact that most applications are approved is exhibited as proof that the program has little or no effect. If the number of projects denied is the benchmark for showing how well certificate of need is working, then the more projects denied the better, and the very best program would deny all applications. This obviously isn't true. Over time, healthcare providers gain expertise in writing applications and the CON process and gain an understanding of the trends in healthcare. They avoid the time and expense of applying for projects that are unlikely to be approved. Technical assistance and current state plans produced by senior services and behavioral health help eliminate poorly conceived and marginal projects before submission of a CON application. Development of new review criteria and standards in the new State Health Systems Plan will help even more. In the regulation of healthcare, just as in the promotion of health, prevention is by far the most effective strategy.

Projects that are denied may be few and far between, but the ongoing cost of one poorly planned project will last for many years. As someone once said, build it and they will come. Over the 28-year life of one CON program in a sparsely populated state, 573 nursing home beds, 468 acute care hospital beds, 9 ambulatory surgery suites, 144 substance abuse beds, 60 psych beds, and 30 rehab beds were denied. This resulted in the avoidance of nearly \$200 million in construction costs alone and an additional \$240 million in annual operating costs. Also, going through the CON process has resulted in improved project planning for many facilities. The brief information that TVC gathered from the internet to develop their assertions does not present the whole picture. For example, the 1996 Providence-Seward Medical Center project looks like it was a blanket approval as requested, and it was. However, the Department spent years working with the applicant and informed them that a 35-bed facility recommended by outside consultants was not feasible and had a poor chance of being approved. As a result, they submitted an approvable application.

Certificate of need programs have assisted other agencies in promoting changes in service delivery methods. In particular, it has been helpful in changing the direction of the long-term care industry and psychiatric care in Alaska and other states. It has been a tool used to slow nursing home bed growth to allow development of home and community based alternatives to nursing homes. Since many patients can be served in either a hospital or residential setting, the CON program has been helpful in defining the continuum of care.

The cost of Medicaid is a serious problem facing Alaska. Commissioner Gilbertson is working to contain that. CON is only one of the tools needed to contain costs, but it is an important one.

## CERTIFICATE OF NEED DECISIONS FROM 1996-2003

	No. of CON Decisions*	Approved as Requested	CONs Denied	Partial** Approval	Withdrawn	Special Conditions	Shape Helped by CON***
2003	6	4	0	1	0	1	0
2002	6	4	0	0	0	2	2
2001	3	2	0	1	0	0	1
2000	1	1	0	0	0	0	0
1999	9	3	3	1	1	1	0
1998	5	3	1	1	0	1	1
1997	4	3	0	0	1	0	1
1996	2	2	0	0	0	0	1
<b>Total</b>	<b>36</b>	<b>22</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>6</b>
<b>%</b>	<b>100%</b>	<b>61%</b>	<b>11%</b>	<b>11%</b>	<b>6%</b>	<b>14%</b>	<b>17%</b>

\*Number of CON applications approved, denied or withdrawn in that year.

Other CONs may have been in progress, but not finished.

\*\* Partial approval means that part of the project was approved and part denied.

\*\*\* CON efforts influenced shape or scope of project before it was submitted or helped outcome.

### CON Influences Project or Assists by being there:

1996	PSMC	Number of beds reduced from 20 to 6 - a change from prior proposals
1997	Valley Hosp	CON influenced the withdrawal of application after assisting with moratorium
1998	WFC	Included adult day and 10 assisted living beds
1999	API	Withdrew due to planning prob, need for alternatives CON gave time
2001	BRH	Included Kidney Dialysis in CON App
2002	PAMC	Psych design included Single Pt of entry & DET
2002	Valdez	No of acute & NH beds influenced

### Special Conditions:

1998	ARH	May not convert Surg Suite to OHC for 5 years.
1999	PAMC	Open Heart shelled, not avail for 5 yrs.
2002	FAMC	8 Psych Beds Shelled until higher use
2002	API	8 Beds shelled until higher use
2003	MSVMC	Conditions for shelled space and Cath Lab

### Partial Approval/Denial or Complete Denial:

1998	SPH	10 Nursing home beds not approved/delayed
1998	FSC	Denied an extension or modification due to lack of need
1999	FBKS Surg	3 denials, TVC, McGuire & FMH
1999	SPH	Partial Denial - only 5 NH Beds approved
2001	FMH	Partial Denial - Reduced acute beds, healing garden
2003	WFC	Denied conversion but offered 5 -bed unit.