

The Commission has reviewed the proposed boundary changes for the City of Anchorage and the Borough of Anchorage. The Commission believes that the proposed changes are in the best interests of the community and should be approved.

The Commission has also reviewed the proposed changes for the City of Fairbanks and the Borough of Fairbanks. The Commission believes that the proposed changes are in the best interests of the community and should be approved.

The Commission has also reviewed the proposed changes for the City of Juneau and the Borough of Juneau. The Commission believes that the proposed changes are in the best interests of the community and should be approved.

The Commission has also reviewed the proposed changes for the City of Sitka and the Borough of Sitka. The Commission believes that the proposed changes are in the best interests of the community and should be approved.

## Appendix D

# Powers and Duties of Organized Boroughs

| Power   | Unified Municipality and Home Rule Borough  | First Class Borough  | Second Class Borough  |
|---|---|--|---|
| Public Education (education powers have been broadly interpreted by the Ak Dept of Law)   | The borough or unified municipality must provide the service areawide in accordance with AS 14.                         | Same as for a home rule borough.   | Same as for a home rule borough.  |
| Planning, Platting & Land Use Regulation  | The borough or unified municipality must exercise the powers areawide, but not necessarily in accordance with AS 29.40. | The borough must exercise the powers areawide; in accordance with AS 29.40; the borough may allow cities to assume such powers within their boundaries                     | Same as for a first class borough.  |
| Provide Transportation Systems, Water & Air Pollution Control, Animal Regulation  | Determined by charter or ordinance.   | May be exercised on an areawide, nonareawide or service area basis by ordinance.   | May be exercised on an areawide or nonareawide basis by ordinance; approval from voters or property owners required for service area powers.  |
| License Day Care Facilities   | Determined by charter or ordinance.   | May be exercised on an areawide, nonareawide or service area basis by ordinance.   | May be exercised on an areawide basis by ordinance; voter approval required for exercise on a nonareawide or service area basis.  |
| Regulate Fireworks, Provide Solid & Septic Waste Disposal, Housing Rehabilitation, Economic Development, Roads & Trails, EMS Communications, Regulate Motor Vehicles and Development Projects | Determined by charter or ordinance  | May be exercised areawide upon approval of areawide voters or by transfer of powers from all cities; may be exercised by ordinance on a nonareawide or service area basis. | May be exercised areawide upon approval of areawide voters; or by transfer of powers from all cities; may be exercised by ordinance on a nonareawide basis; may be exercised on a service area basis with voter approval  |
| Hazardous Substance Control   | Determined by charter or ordinance  | Same as above.   | Same as above.  |
| Other Powers Not Prohibited   | Determined by charter or ordinance  | Same as above.   | May be exercised areawide upon approval of areawide voters; or by transfer of powers from all cities and approval of nonareawide voters; may be exercised nonareawide upon approval of nonareawide voters; may be exercised on a service area basis with voter approval |

Table continued on next page

Table continued from previous page

|  | Unified Municipality and Home Rule Borough  | First Class Borough   | Second Class Borough               |
|--|---|---|------------------------------------|
|  | Limited to 30 mills except<br>to levy property taxes is required by some charters                             | Same as home rule except<br>some general law boroughs have more limited taxing authority established by local action. | Same as for a first class borough. |
| Sales Tax                              | The rate of levy may be limited by charter and voter approval to levy sales taxes may be required by charter. | No limit exists on the rate of levy; however, voter approval is required to levy sales taxes.                         | Same as for a first class borough. |
| Assembly composition and apportionment | Flexible, determined according to AS 29.20.060 - 29.20.120  | Same as for a home rule borough.  | Same as for a home rule borough.   |
| Election and Term of Mayor             | Established by charter or ordinance.  | Elected at large for a 3 year term, unless a different term not to exceed 4 years is provided by ordinance.           | Same as for a first class borough. |
| Vote by Mayor                          | Established by charter or ordinance.  | may vote to break a tie vote only if the borough has a manager form of government                                     | Same as for a first class borough. |
| Veto Power of the Mayor                | Generally determined by charter, except veto not permitted of ordinance prohibiting possession of alcohol.    | generally has veto power, except veto not permitted of ordinance prohibiting possession of alcohol.                   | Same as for a first class borough. |
| Ability to Attain Home Rule Status     | Already has home rule status.   | Voters may adopt home rule charter.   | Same as for a first class borough. |

# Appendix E

## July 9, 1962, Memorandum From Hugh J. Wade to William A. Egan

### MEMORANDUM State of Alaska

TO:  Governor William A. Egan

DATE : July 9, 1962

FROM: Hugh J. Wade, Secretary of State SUBJECT: Incorporation of Bristol Bay  
borough

This is a matter which I had intended to call to your attention before I left on my trip with the Task Force. The attached notice, copy of which may have been made available to you, reached me while I was away. I have been following the proceedings in connection with the hearings on this proposed borough and have discussed from time to time the proposed action with the Local Affairs Agency. The proposed borough just doesn't make sense to me. In fact, its defects were so obvious to me that I felt that the Boundary Commission would never approve it. I was mistaken, and apparently after hearings in Dillingham, Naknek, and King Salmon the Boundary Commission followed the recommendation of the Local Affairs Agency and reduced the area of the borough even smaller than it was originally proposed, and now we are confronted with holding an election in the area embraced within the proposed boundaries for this borough and undoubtedly it will be favorably voted upon.

My objection to the proposed borough, of course, is that it takes the principal tax resources in the area and makes that tax resource available only to a limited number of people--less than 600 I believe--to the exclusion of all other people in the Bay area. They even excluded from the area the Village of Levelock which is only a few miles north of the boundary line. Carl Nunn of Dillingham, when he was in Juneau a few months ago, was protesting the proposed borough and then when the hearing was held in Dillingham he apparently appeared on behalf of the Chamber of Commerce and objected to the establishment of the borough, but I notice from the findings of fact report of the Local Affairs Agency that his testimony was disregarded and the protest of that community passed over very lightly. When I was in Dillingham with the Task Force, Mr. Nunn again questioned me about the proposed borough, and when I asked him if he had received a copy of the Local Affairs Agency's report and recommendation to the Boundary Commission, he said he had not. In fact he expressed great surprise to learn that the report had already been made to approve the borough. Just yesterday I asked Mr. Pegues if it were true that the attached report was not sent to Dillingham, and he confirmed the fact, but stated that he would mail them a copy right away.

-2-

I know the Local Affairs Agency is very anxious to establish a borough and I, too, am anxious to get a start in establishing them throughout the State, but I just can't help but feel that this will get us off to a poor start. It is bound to be met with great resistance in the Bristol Bay area, and in my opinion it is fundamentally wrong to allow this relatively small area to grab this rich tax resource and set up a borough government which will be financed entirely by the tax revenue from the raw fish packed by the canneries at Naknek. Local people will not be required to contribute in any way to a local government, and when the other areas in Bristol Bay start looking for some sort of a tax base to establish local government, they are going to find that this relatively small area has taken all of the rich tax resource for the benefit of a relatively few people.

I am required under Chapter 146 of SLA 1961 to order an election to be held in the area of the proposed borough, and according to this law I have 30 days to call the election and it must be held within 90 days after the date I issue the order of election. The notice was received in my office on June 18, and it would appear, therefore, that the election would have to be held sometime before the 18th of October. It is my understanding that the Local Affairs Agency is urging that the election be held early in September. Personally, I am disposed to take the full time allowed me under the law for fixing the date of the election, because I think that the people in that area should be given all time possible to take whatever action they may now take at this late date to enjoin creation of this borough.

It is difficult for me to conceive of a borough established in the Bristol Bay area that did not include the community of Dillingham and the other villages in that area that are now excluded from this proposed borough.

HJW/w

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**SB**

**1**

# SENATE COMMITTEE REPORT

DATE: 3/28/07

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 4/2/07

Community and Regional Affairs Committee considered SENATE BILL NO. 1

## SB 1 INCREASE AMT OF BASE STUDENT ALLOCATION

"An Act relating to the base student allocation used in the formula for state funding of public education; and providing for an effective date."

and recommends:

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

|                                     |                          |
|-------------------------------------|--------------------------|
| <b>SENATE BILL:</b>                 |                          |
| <input checked="" type="checkbox"/> | Same Title               |
| <input type="checkbox"/>            | New Title                |
| <hr/>                               |                          |
| <b>HOUSE BILL:</b>                  |                          |
| <input type="checkbox"/>            | Same Title               |
| <input type="checkbox"/>            | Technical Title Change   |
| <input type="checkbox"/>            | New Title w/ SCR # _____ |

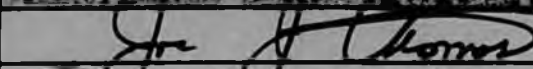
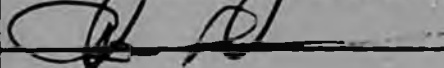
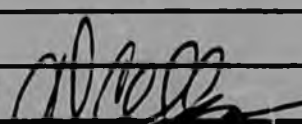
**NEW FISCAL NOTE(S):**

| Department | Date   | Fiscal | Initial | Zero | FN# |
|------------|--------|--------|---------|------|-----|
| EED        | 4/2/07 | ✓      |         |      |     |
|            |        |        |         |      |     |
|            |        |        |         |      |     |
|            |        |        |         |      |     |

**PREVIOUS FISCAL NOTE(S):**

| Department   | Date   | Fiscal | Initial | Zero | FN# |
|--------------|--------|--------|---------|------|-----|
| EED - Found. | 2/5/07 | ✓      |         |      |     |
|              |        |        |         |      |     |
|              |        |        |         |      |     |
|              |        |        |         |      |     |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS   | LAST NAME | INITIAL | REC | AMEND |
|--|-----------|---------|-----|-------|
|         | Thomas    | ✓       |     |       |
|         | Stevens   | ✓       | HJ  |       |
|  |           |         |     |       |
|  |           |         |     |       |
| CHAIR:  | Olson     | ✓       |     |       |

**GARY WILKEN**  
SENATOR  
Fairbanks



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## SPONSOR STATEMENT

### Senate Bill 1 Increase the Amount of the Base Student Allocation

---

Since 1998, the K-12 public school funding formula has distributed state education dollars based on a per student allocation. Senate Bill 1 increases this allocation by \$430, establishing the per student dollar at \$5,810.

Senate Bill 1 recognizes that day-to-day educational costs continue to increase, causing a financial strain on the school budgets in all 53 school districts. The eight percent proposed increase in the student dollar will help mitigate these rising costs, thus allowing local school boards to direct more education dollars into the classroom.

This legislation does not address the major cost increase facing each school district this year. The substantial rise to the required retirement contribution for each employee in every district totals over \$200 million statewide. The per student dollar amount would need to grow \$1,000 just to cover this year's increase. This financial burden must be addressed by the Legislature and in a manner acceptable to both our school districts as well as the State of Alaska. An alternative bill will address the solution.

Senate Bill covers an estimated inflation rate (Department of Labor, November, 2006) and provides additional funds to help school districts to reduce class size. Please join me in support of Alaska's public school system and give your approval to Senate Bill 1.

February 8, 2007

**Proudly Representing the Golden Heart of Alaska**



# Alaska State Legislature

## Senate Republican Minority

Web: [www.aksenateminority.com](http://www.aksenateminority.com)

Sponsor: Senator Gary Wilken  
Contact: Sheila Peterson, 465-3709  
Bill Version: SB 1

### Fact Sheet for: Senate Bill 1

**Short Title:** INCREASE AMOUNT OF BASE STUDENT ALLOCATION

**Summary:**

- Amends the education funding formula and establishes the per student dollar amount at \$5,810, an increase of \$430.

**Benefits:**

- Increases the per student dollar to cover an inflation rate of 4 percent in FY06.
- Provides school districts with additional funds, over and above the inflation rate, to help meet fixed costs.
- Provides additional funds to help school districts reduce class size, particularly in the early grades.

**Background:**

- The state's funding formula for K-12 public education is based on a per student allocation. This dollar amount is adjusted for the size and location of the school in which the student attends. Special needs students generate additional revenue to help school districts meet the unique needs of these students. For the past several years, the Legislature has increased the per student dollar amount annually.

The sponsor recognizes that each school district's required retirement contribution increased substantially this year, a statewide total of over \$200 million. The per student dollar amount would need to be increased \$1,000 to cover just this year's increase. This financial burden to our local school districts must be addressed by the Legislature in a manner acceptable to all school districts and the State of Alaska.

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB001-EED-FP-2-5-07  
 Bill Version: SB1  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Development  
 Title: An act increasing the base student allocation RDU: K-12 Support  
used in the public education funding formula. Component: Foundation Program  
 Sponsor: Sen. Wilken  
 Requester: Senate Special Committee on Education Component No: 141

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

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

| OPERATING EXPENDITURES | FY 2008         | FY 2009         | FY 2010         | FY 2011         | FY 2012         | FY 2013         |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Personal Services      |                 |                 |                 |                 |                 |                 |
| Travel                 |                 |                 |                 |                 |                 |                 |
| Contractual            |                 |                 |                 |                 |                 |                 |
| Supplies               |                 |                 |                 |                 |                 |                 |
| Equipment              |                 |                 |                 |                 |                 |                 |
| Land & Structures      |                 |                 |                 |                 |                 |                 |
| Grants & Claims        | 88,928.2        | 88,928.2        | 88,928.2        | 88,928.2        | 88,928.2        | 88,928.2        |
| Miscellaneous          |                 |                 |                 |                 |                 |                 |
| <b>TOTAL OPERATING</b> | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> |

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

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

**FUND SOURCE** (Thousands of Dollars)

|   |                 |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1002 Federal Receipts                   |                 |                 |                 |                 |                 |                 |
| 1003 GF Match                           |                 |                 |                 |                 |                 |                 |
| 1004 GF                                 | 88,928.2        | 88,928.2        | 88,928.2        | 88,928.2        | 88,928.2        | 88,928.2        |
| 1005 GF/Program Receipts                |                 |                 |                 |                 |                 |                 |
| 1037 GF/Mental Health                   |                 |                 |                 |                 |                 |                 |
| Other (Specify Type--Do not abbreviate) |                 |                 |                 |                 |                 |                 |
| <b>TOTAL</b>                            | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> | <b>88,928.2</b> |

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

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

This bill would increase the Base Student Allocation (BSA) from \$5,380 to \$5,810. This is a \$430 increase to the BSA.

The GF appropriation in this fiscal note capitalizes the Public Education Fund (PEF). Money in the PEF flows to K-12 Support without further appropriation for distribution to school districts.

Prepared by: Eddy Jeans, Director  
 Division: School Finance  
 Approved by: Barbara Thompson, Deputy Commissioner  
 Agency: Education & Early Development

Phone: 465-8679  
 Date/Time: 2/5/07 3:53 PM  
 Date: 2/5/2007

| School District           | Projected FY2008<br>State Aid at<br>BSA \$5,380 | Projected FY2008<br>State Aid at<br>BSA \$5,810 | DIFFERENCE        |
|---------------------------|---|---|-------------------|
| Alaska Gateway            | 5,350,621                                       | 5,794,596                                       | 443,975           |
| Aleutian Region           | 1,260,566                                       | 1,347,179                                       | 86,613            |
| Aleutians East Borough    | 3,414,525                                       | 3,747,865                                       | 333,340           |
| Anchorage                 | 265,515,050                                     | 294,228,915                                     | 28,713,865        |
| Annette Island            | 1,844,016                                       | 2,093,270                                       | 249,254           |
| Bering Strait             | 20,092,216                                      | 22,288,750                                      | 2,196,534         |
| Bristol Bay Borough       | 1,617,977                                       | 1,808,269                                       | 190,292           |
| Chatham                   | 2,408,957                                       | 2,616,841                                       | 207,884           |
| Chugach                   | 2,031,587                                       | 2,145,294                                       | 113,707           |
| Copper River              | 6,549,083                                       | 7,090,741                                       | 541,658           |
| Cordova                   | 3,417,676                                       | 3,744,145                                       | 326,469           |
| Craig                     | 4,741,962                                       | 5,159,638                                       | 417,676           |
| Delta/Greely              | 10,140,267                                      | 10,955,942                                      | 815,675           |
| Denali Borough            | 3,989,753                                       | 4,359,149                                       | 369,396           |
| Dillingham                | 4,840,971                                       | 5,306,171                                       | 465,200           |
| Fairbanks N. Star Borough | 85,741,301                                      | 94,966,581                                      | 9,225,280         |
| Galena                    | 17,599,787                                      | 19,008,846                                      | 1,409,059         |
| Haines Borough            | 2,180,726                                       | 2,429,580                                       | 248,854           |
| Hoonah                    | 1,494,178                                       | 1,629,684                                       | 135,506           |
| Hydaburg                  | 787,257   | 858,186   | 70,929            |
| Iditarod Area             | 4,736,097                                       | 5,067,305                                       | 331,208           |
| Juneau Borough            | 26,319,028                                      | 29,491,035                                      | 3,172,007         |
| Kake                      | 950,981   | 1,040,004                                       | 89,023            |
| Kashunamiut               | 3,024,014                                       | 3,383,954                                       | 359,940           |
| Kenai Peninsula Borough   | 54,838,057                                      | 60,837,477                                      | 5,999,420         |
| Ketchikan Gateway Borough | 13,948,298                                      | 15,433,092                                      | 1,484,794         |
| Klawock                   | 1,267,320                                       | 1,390,980                                       | 123,660           |
| Kodiak Island Borough     | 18,369,480                                      | 20,212,013                                      | 1,842,533         |
| Kuspuk                    | 5,436,829                                       | 5,974,767                                       | 537,938           |
| Lake & Peninsula Borough  | 7,435,119                                       | 8,060,292                                       | 625,173           |
| Lower Kuskokwim           | 47,659,626                                      | 52,291,139                                      | 4,631,513         |
| Lower Yukon               | 2,096,121                                       | 23,420,301                                      | 2,324,180         |
| Mat-Su Borough            | 95,453,603                                      | 104,731,687                                     | 9,278,084         |
| Nenana                    | 4,363,220                                       | 4,717,497                                       | 354,277           |
| Nome                      | 7,451,085                                       | 8,118,587                                       | 667,502           |
| North Slope Borough       | 10,473,573                                      | 12,241,096                                      | 1,767,523         |
| Northwest Arctic Borough  | 26,110,677                                      | 28,442,971                                      | 2,332,294         |
| Pelican                   | 401,248   | 421,884   | 20,636            |
| Petersburg                | 4,353,634                                       | 4,784,146                                       | 430,512           |
| Pribilof                  | 1,495,502                                       | 1,658,863                                       | 163,361           |
| Saint Mary's              | 2,387,186                                       | 2,578,945                                       | 191,759           |
| Sitka Borough             | 9,088,107                                       | 10,065,032                                      | 976,925           |
| Skagway                   | 677,855   | 754,156   | 76,301            |
| Southeast Island          | 3,163,711                                       | 3,394,183                                       | 230,472           |
| Southwest Region          | 7,962,081                                       | 8,800,159                                       | 838,078           |
| Tanana                    | 749,593   | 812,218   | 62,625            |
| Unalaska                  | 2,956,546                                       | 3,324,325                                       | 367,779           |
| Valdez                    | 3,842,277                                       | 4,407,426                                       | 565,149           |
| Wrangell                  | 2,697,221                                       | 2,957,887                                       | 260,666           |
| Yakutat                   | 972,207   | 1,067,826                                       | 95,619            |
| Yukon Flats               | 5,135,933                                       | 5,570,695                                       | 434,762           |
| Yukon/Koyukuk             | 10,248,890                                      | 11,158,215                                      | 909,325           |
| Yupitit                   | 5,416,738                                       | 5,985,942                                       | 569,204           |
| Mt. Edgecumbe High School | 2,621,487                                       | 2,874,327                                       | 252,840           |
| <b>Total</b>              | <b>858,121,820</b>                              | <b>947,050,068</b>                              | <b>88,928,248</b> |

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB001-EED-AMYA-4-2-07  
 Bill Version: SB1  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title An act increasing the base student allocation  
used in the public education funding formula.  
 Sponsor Sen. Wilken  
 Requester C&RA

Dept. Affected: Education & Early Development  
 RDU K-12 Support  
 Component AK Challenge Youth Academy  
 Component No. 2837

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

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

| OPERATING EXPENDITURES | FY 2008      | FY 2009      | FY 2010      | FY 2011      | FY 2012      | FY 2013      |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services      |              |              |              |              |              |              |
| Travel                 |              |              |              |              |              |              |
| Contractual            |              |              |              |              |              |              |
| Supplies               |              |              |              |              |              |              |
| Equipment              |              |              |              |              |              |              |
| Land & Structures      |              |              |              |              |              |              |
| Grants & Claims        | 300.9        | 300.9        | 300.9        | 300.9        | 300.9        | 300.9        |
| Miscellaneous          |              |              |              |              |              |              |
| <b>TOTAL OPERATING</b> | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> |

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

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

**FUND SOURCE** (Thousands of Dollars)

|  |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts                  |              |              |              |              |              |              |
| 1003 GF Match                          |              |              |              |              |              |              |
| 1004 GF                                | 300.9        | 300.9        | 300.9        | 300.9        | 300.9        | 300.9        |
| 1005 GF/Program Receipts               |              |              |              |              |              |              |
| 1037 GF/Mental Health                  |              |              |              |              |              |              |
| Other (Specify Type—Do not abbreviate) |              |              |              |              |              |              |
| <b>TOTAL</b>                           | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> | <b>300.9</b> |

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

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

This bill would increase the Base Student Allocation(BSA) from \$5,380 to \$5,810. This is a \$430 increase to the BSA.

Prepared by: Eddy Jeans, Director  
 Division: School Finance  
 Approved by: Barbara Thompson, Deputy Commissioner  
 Agency: Education & Early Development

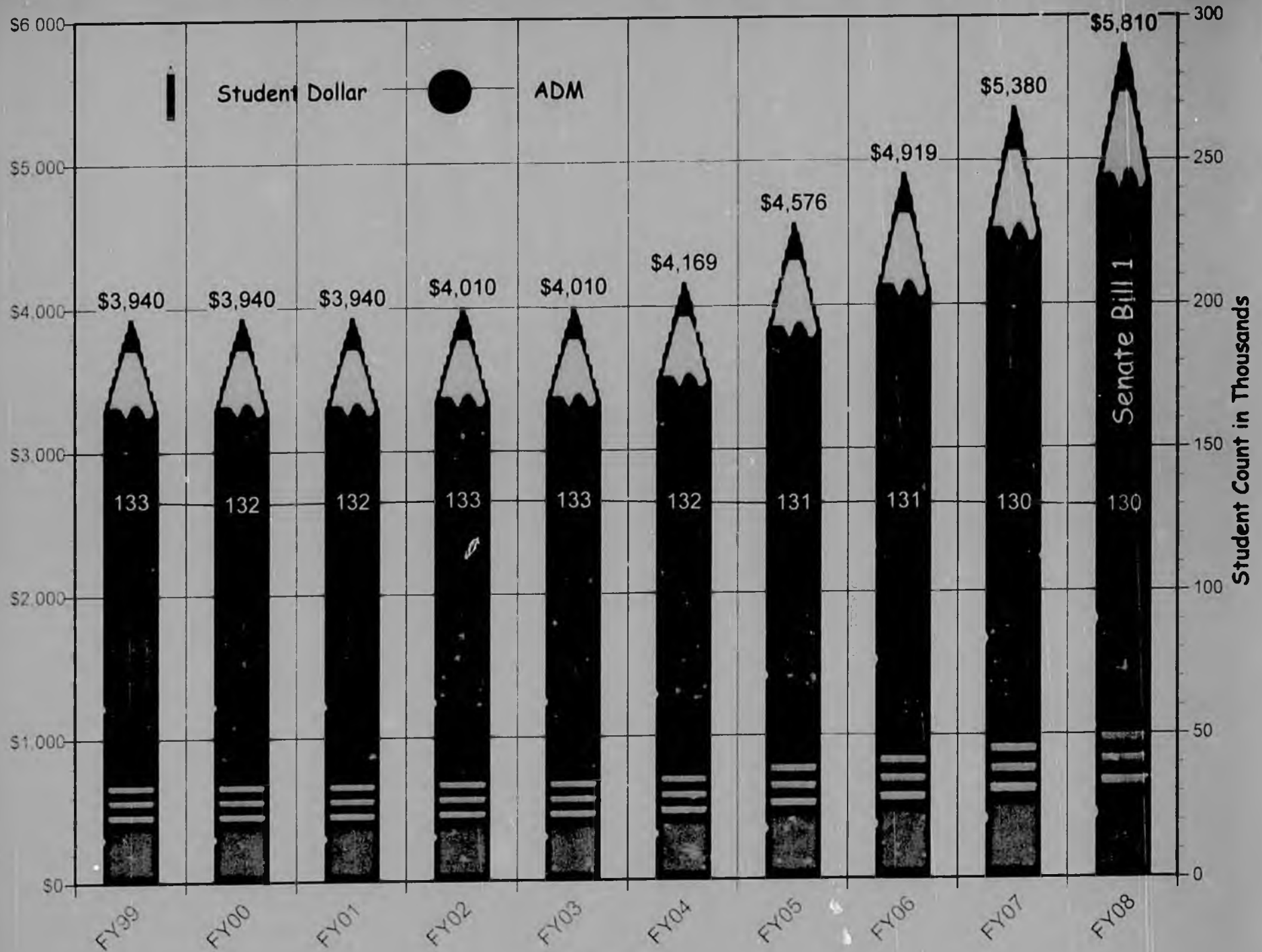
Phone 465-8679  
 Date/Time 4/2/07 11:52 AM  
 Date 4/2/2007

## ALASKA MILITARY YOUTH ACADEMY

### FY08 PROJECTION for FY08

|  |                    |
|--|--------------------|
| <b>257 x \$5810 x 7 =</b>                  | <b>10,452,190</b>  |
| <b>203 x \$5810 x 60% =</b>                | <b>707,658</b>     |
| <b>less \$2,625,000</b>                    | <b>(2,625,000)</b> |
|  | <b>8,534,848</b>   |
| <i>FY08 Projected State Aid at \$5,380</i> | <b>8,233,904</b>   |
| <b>FY08 INCREASE TO AMYA:</b>              | <b>\$ 300,944</b>  |

# Student Dollar 1999-2008 with Student Enrollment



**RE: Senate Bill 1 Raising the Base Student Allocation**

**Thank you for the opportunity to urge you to raise the base student allocation to \$5810. If you cut everything else in the states budget to get this raised you have my support. I see fully funded education as the foundation on which we should build the state's future. Taking care of our children, physically and mentally, will do more to insure our future prosperity than building pipe lines, prisons or bridges. Please vote to raise the base student allocation.**

**Patricia Linville  
Box 1753  
Seward, AK 99664  
907-224-3252  
[linville@ak.net](mailto:linville@ak.net)**

**SB**

**3**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 1/16/07

FURTHER: Judiciary  
Finance

Date of 5-Day Notice: Apr. 12, 2007  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: Apr. 17, 2007

Community and Regional Affairs Committee considered

SENATE BILL NO. 3

### SB 3 COMMUNITY DIVIDEND PROGRAM

"An Act relating to the community dividend program; and providing for an effective date."

and recommends:

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

|                                     |                          |
|-------------------------------------|--------------------------|
| <b>SENATE BILL:</b>                 |                          |
| <input checked="" type="checkbox"/> | Same Title               |
| <input type="checkbox"/>            | New Title                |
| <hr/>                               |                          |
| <b>HOUSE BILL:</b>                  |                          |
| <input type="checkbox"/>            | Same Title               |
| <input type="checkbox"/>            | Technical Title Change   |
| <input type="checkbox"/>            | New Title w/ SCR # _____ |



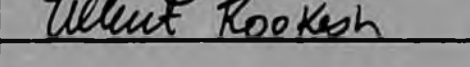
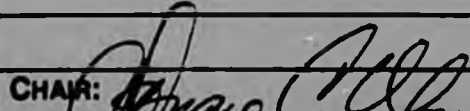
**NEW FISCAL NOTE(S):**

| Department | Date    | Initials | Page | FN# |
|------------|---------|----------|------|-----|
| DCCED.COM  | 2/12/07 | ✓        |      |     |
|            |         |          |      |     |
|            |         |          |      |     |
|            |         |          |      |     |
|            |         |          |      |     |

**PREVIOUS FISCAL NOTE(S):**

| Department | Date | Initials | Page | FN# |
|------------|------|----------|------|-----|
|            |      |          |      |     |
|            |      |          |      |     |
|            |      |          |      |     |
|            |      |          |      |     |
|            |      |          |      |     |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATION  | PRINTED NAME | DO NOT PASS | NO REC. | AMEND |
|--|--------------|-------------|---------|-------|
|         | Thomas       | ✓           |         |       |
|         | Wagner       | ✓           |         |       |
|         | Kookesh      | ✓           |         |       |
|  |              |             |         |       |
|  |              |             |         |       |
| CHAIR:  | OLSON        |             | ✓       |       |

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB3-COM-DCA-02-12-07  
 Bill Version: SB 3  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Community Dividend Program RDU Revenue Sharing (217)  
 Component New  
 Sponsor Wilken  
 Requester Senate Community & Regional Affairs Component No. New

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

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

| OPERATING EXPENDITURES                     | FY 2008           | FY 2009           | FY 2010           | FY 2011           | FY 2012           | FY 2013           |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Personal Services                          |                   |                   |                   |                   |                   |                   |
| Travel                                     |                   |                   |                   |                   |                   |                   |
| Contractual                                |                   |                   |                   |                   |                   |                   |
| Supplies                                   |                   |                   |                   |                   |                   |                   |
| Equipment                                  |                   |                   |                   |                   |                   |                   |
| Land & Structures                          |                   |                   |                   |                   |                   |                   |
| Grants & Claims                            | 64,573.4          | 64,573.4          | 64,573.4          | 64,573.4          | 64,573.4          | 64,573.4          |
| Miscellaneous                              |                   |                   |                   |                   |                   |                   |
| <b>TOTAL OPERATING</b>                     | <b>64,573.4</b>   | <b>64,573.4</b>   | <b>64,573.4</b>   | <b>64,573.4</b>   | <b>64,573.4</b>   | <b>64,573.4</b>   |
| <b>CAPITAL EXPENDITURES</b>                |                   |                   |                   |                   |                   |                   |
| <b>CHANGE IN REVENUES (1001,1197,1041)</b> | <b>(64,573.4)</b> | <b>(64,573.4)</b> | <b>(64,573.4)</b> | <b>(64,573.4)</b> | <b>(64,573.4)</b> | <b>(64,573.4)</b> |

**FUND SOURCE** (Thousands of Dollars)

|  |                 |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1002 Federal Receipts                  |                 |                 |                 |                 |                 |                 |
| 1003 GF Match                          |                 |                 |                 |                 |                 |                 |
| 1004 GF                                |                 |                 |                 |                 |                 |                 |
| 1005 GF/Program Receipts               |                 |                 |                 |                 |                 |                 |
| 1037 GF/Mental Health                  |                 |                 |                 |                 |                 |                 |
| 1001 BudRes, 1197 AKCap, 1041 EmrgsRes | 64,573.4        | 64,573.4        | 64,573.4        | 64,573.4        | 64,573.4        | 64,573.4        |
| <b>TOTAL</b>                           | <b>64,573.4</b> | <b>64,573.4</b> | <b>64,573.4</b> | <b>64,573.4</b> | <b>64,573.4</b> | <b>64,573.4</b> |

Estimate of any current year (FY2007) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

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

This legislation funds an annual community dividend program from the general fund or from the following funds in this order: budget reserve fund, Alaska capital income fund, and the earnings reserve fund. Municipalities and unincorporated communities would be funded at \$70 per capita and municipalities that are also a school district would receive an additional \$30 per capita. The department estimates that full funding based on the 2005 population count would require approximately \$64.6 million. The amount of full funding would change annually due to changes in population, changes to municipal classification, new municipalities becoming school districts and new communities becoming eligible. The legislation includes a provision to pro rate payments in the event more funds or fewer funds are available. The department anticipates implementing and administering this program with existing staff.

Prepared by: Michael Black, Director Phone 907.269.4758  
 Division Community Advocacy Date/Time 2/12/07 6:13 PM  
 Approved by: Emil Notti, Commissioner Date 2/12/2007  
 Agency Commerce, Community, and Economic Development

**GARY WILKEN**  
SENATOR  
Fairbanks



State Capital Building  
Juneau, Alaska 99801-1182  
Tel: 461-6881 (from Fairbanks)  
Tel: (907) 465-3700 (outside Fairbanks)  
Fax: (907) 465-4714  
[www.alaskarepublicans.org/~wilken](http://www.alaskarepublicans.org/~wilken)  
E-Mail: [Senator.Gary.Wilken@legis.state.ak.us](mailto:Senator.Gary.Wilken@legis.state.ak.us)

## SPONSOR STATEMENT

### Senate Bill 3 Community Dividend Program

*"Meets our Needs – Shares our Wealth"*

---

Senate Bill 3 creates a sustainable community dividend program to share state revenue with Alaska's local municipal governments and unincorporated communities. The proposed community dividend program is in response to concerns expressed by communities throughout Alaska. Higher costs of basic living and government needs, coupled with diminished traditional state support, have placed greater financial burdens on all local governments, large and small alike.

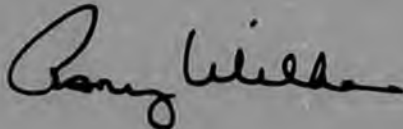
Senate Bill 3 funds the new community dividend program from the general fund. However, if the Legislature considers the general fund insufficient to support the community dividend, the following funding sources may be considered, in the following order: 1) Constitutional Budget Reserve, 2) Alaska Capital Income Fund, and 3) the Permanent Fund Earnings Reserve Account.

Senate Bill 3 provides \$70 per person for all local municipalities and unincorporated communities. Additionally, each municipality that is a school district and is meeting the 4-mill local contribution school requirement will receive an additional \$30 for a total of \$100 per resident.

The Department of Commerce, Community, and Economic Development will issue the dividends to Alaskan communities on July 1 of the year following the actual legislative appropriation. This one-year delay will allow local

governments to build an operating budget based on firm numbers. There will be no need for the budget writers to wait for the legislature to take action before drafting and passing their annual budgets.

The revenue-sharing program established under Senate Bill 3 distributes the state's wealth equally among all Alaskans on a per person basis. I respectfully request your support.

A handwritten signature in cursive script, appearing to read "Tony Wilton".

February 8, 2007

2005 Community Dividend Estimates

| Municipalities               | 2005 Population | Community Dividend at \$70 Per Capita | 2005 School Support Population | Municipal School Support Dividend at \$30 Per Capita | Total Community Dividend |
|------------------------------|-----------------|---------------------------------------|--------------------------------|--|--------------------------|
| Adak                         | 167             | \$11,690                              |                                | \$0  | \$11,690                 |
| Akhiok                       | 41              | \$2,870                               |                                | \$0  | \$2,870                  |
| Akiak                        | 378             | \$26,460                              |                                | \$0  | \$26,460                 |
| Akutan                       | 773             | \$54,110                              |                                | \$0  | \$54,110                 |
| Alakanuk                     | 678             | \$47,460                              |                                | \$0  | \$47,460                 |
| Aleknagik                    | 241             | \$16,870                              |                                | \$0  | \$16,870                 |
| Aleutians East Borough       | 72              | \$5,040                               | 2,659                          | \$79,770   | \$84,810                 |
| Allakaket                    | 87              | \$6,090                               |                                | \$0  | \$6,090                  |
| Ambler                       | 283             | \$19,810                              |                                | \$0  | \$19,810                 |
| Anaktuvuk Pass               | 308             | \$21,560                              |                                | \$0  | \$21,560                 |
| Anchorage                    | 278,241         | \$19,476,870                          | 278,241                        | \$8,347,230  | \$27,824,100             |
| Anderson                     | 280             | \$19,600                              |                                | \$0  | \$19,600                 |
| Angoon                       | 497             | \$34,790                              |                                | \$0  | \$34,790                 |
| Aniak                        | 528             | \$36,960                              |                                | \$0  | \$36,960                 |
| Anvik                        | 99              | \$6,930                               |                                | \$0  | \$6,930                  |
| Atka                         | 90              | \$6,300                               |                                | \$0  | \$6,300                  |
| Atkasuk                      | 227             | \$15,890                              |                                | \$0  | \$15,890                 |
| Barrow                       | 4,199           | \$293,930                             |                                | \$0  | \$293,930                |
| Bethel                       | 5,960           | \$417,200                             |                                | \$0  | \$417,200                |
| Bettles                      | 31              | \$2,170                               |                                | \$0  | \$2,170                  |
| Brevig Mission               | 327             | \$22,890                              |                                | \$0  | \$22,890                 |
| Bristol Bay Borough          | 1,073           | \$75,110                              | 1,073                          | \$32,190   | \$107,300                |
| Buckland                     | 434             | \$30,380                              |                                | \$0  | \$30,380                 |
| Cheformak                    | 457             | \$31,990                              |                                | \$0  | \$31,990                 |
| Chevak                       | 916             | \$64,120                              |                                | \$0  | \$64,120                 |
| Chignik                      | 95              | \$6,650                               |                                | \$0  | \$6,650                  |
| Chuathbaluk                  | 95              | \$6,650                               |                                | \$0  | \$6,650                  |
| Clark's Point                | 65              | \$4,550                               |                                | \$0  | \$4,550                  |
| Coffman Cove                 | 156             | \$10,920                              |                                | \$0  | \$10,920                 |
| Cold Bay                     | 89              | \$6,230                               |                                | \$0  | \$6,230                  |
| Cordova                      | 2,288           | \$160,160                             | 2,288                          | \$68,640   | \$228,800                |
| Craig                        | 1,102           | \$77,140                              | 1,102                          | \$33,060   | \$110,200                |
| Deering                      | 139             | \$9,730                               |                                | \$0  | \$9,730                  |
| Delta Junction               | 1,047           | \$73,290                              |                                | \$0  | \$73,290                 |
| Denali Borough               | 1,277           | \$89,390                              | 1,823                          | \$54,690   | \$144,080                |
| Dillingham                   | 2,370           | \$165,900                             | 2,370                          | \$71,100   | \$237,000                |
| Diomede                      | 132             | \$9,240                               |                                | \$0  | \$9,240                  |
| Eagle                        | 137             | \$9,590                               |                                | \$0  | \$9,590                  |
| Eek                          | 291             | \$20,370                              |                                | \$0  | \$20,370                 |
| Egegik                       | 81              | \$5,670                               |                                | \$0  | \$5,670                  |
| Ekwok                        | 118             | \$8,260                               |                                | \$0  | \$8,260                  |
| Elim                         | 302             | \$21,140                              |                                | \$0  | \$21,140                 |
| Emmonak                      | 740             | \$51,800                              |                                | \$0  | \$51,800                 |
| Fairbanks                    | 31,182          | \$2,182,740                           |                                | \$0  | \$2,182,740              |
| Fairbanks North Star Borough | 54,873          | \$3,841,110                           | 87,650                         | \$2,629,500  | \$6,470,610              |
| False Pass                   | 63              | \$4,410                               |                                | \$0  | \$4,410                  |
| Fort Yukon                   | 570             | \$39,900                              |                                | \$0  | \$39,900                 |
| Galena                       | 654             | \$45,780                              | 654                            | \$19,620   | \$65,400                 |
| Gambell                      | 660             | \$46,200                              |                                | \$0  | \$46,200                 |
| Golovin                      | 150             | \$10,500                              |                                | \$0  | \$10,500                 |
| Goodnews Bay                 | 238             | \$16,660                              |                                | \$0  | \$16,660                 |
| Grayling                     | 171             | \$11,970                              |                                | \$0  | \$11,970                 |

SR 3 Community Dividend Estimates

| Municipalities            | 2005 Population | Community Dividend at \$70 Per Capita | 2005 School Support Population | Municipal School Support Dividend at \$30 Per Capita | Total Community Dividend |
|---------------------------|-----------------|---------------------------------------|--------------------------------|--|--------------------------|
| Oustavus                  | 459             | \$32,130                              |                                | \$0  | \$32,130                 |
| Haines Borough            | 2,207           | \$154,490                             | 2,207                          | \$66,210   | \$220,700                |
| Holy Cross                | 205             | \$14,350                              |                                | \$0  | \$14,350                 |
| Homer                     | 5,435           | \$380,450                             |                                | \$0  | \$380,450                |
| Hoonah                    | 861             | \$60,270                              | 861                            | \$25,930   | \$86,100                 |
| Hooper Bay                | 1,133           | \$79,310                              |                                | \$0  | \$79,310                 |
| Houston                   | 1,447           | \$101,290                             |                                | \$0  | \$101,290                |
| Hughes                    | 69              | \$4,830                               |                                | \$0  | \$4,830                  |
| Huslia                    | 265             | \$18,550                              |                                | \$0  | \$18,550                 |
| Hydaburg                  | 369             | \$25,830                              | 369                            | \$11,070   | \$36,900                 |
| Juneau                    | 31,193          | \$2,183,510                           | 31,193                         | \$935,790  | \$3,119,300              |
| Kachemak                  | 457             | \$31,990                              |                                | \$0  | \$31,990                 |
| Kake                      | 598             | \$41,860                              | 598                            | \$17,940   | \$59,800                 |
| Kaktovik                  | 276             | \$19,320                              |                                | \$0  | \$19,320                 |
| Kaltag                    | 227             | \$15,890                              |                                | \$0  | \$15,890                 |
| Kasaan                    | 61              | \$4,270                               |                                | \$0  | \$4,270                  |
| Kenai                     | 6,777           | \$474,390                             |                                | \$0  | \$474,390                |
| Kenai Peninsula Borough   | 31,837          | \$2,228,590                           | 51,268                         | \$1,538,040  | \$3,766,630              |
| Ketchikan                 | 7,685           | \$537,950                             |                                | \$0  | \$537,950                |
| Ketchikan Gateway Borough | 5,035           | \$352,450                             | 13,125                         | \$393,750  | \$746,200                |
| Kiana                     | 380             | \$26,600                              |                                | \$0  | \$26,600                 |
| King Cove                 | 723             | \$50,610                              |                                | \$0  | \$50,610                 |
| Kivalina                  | 385             | \$26,950                              |                                | \$0  | \$26,950                 |
| Klawock                   | 780             | \$54,600                              | 780                            | \$23,400   | \$78,000                 |
| Kobuk                     | 130             | \$9,100                               |                                | \$0  | \$9,100                  |
| Kodiak                    | 6,088           | \$426,160                             |                                | \$0  | \$426,160                |
| Kodiak Island Borough     | 6,801           | \$476,070                             | 13,638                         | \$409,140  | \$885,210                |
| Kotlik                    | 609             | \$42,630                              |                                | \$0  | \$42,630                 |
| Kotzebue                  | 3,120           | \$218,400                             |                                | \$0  | \$218,400                |
| Koyuk                     | 350             | \$24,500                              |                                | \$0  | \$24,500                 |
| Koyukuk                   | 97              | \$6,790                               |                                | \$0  | \$6,790                  |
| Kupreanof                 | 37              | \$2,590                               |                                | \$0  | \$2,590                  |
| Kwethluk                  | 721             | \$50,470                              |                                | \$0  | \$50,470                 |
| Lake & Peninsula Borough  | 899             | \$62,930                              | 1,620                          | \$48,600   | \$111,530                |
| Larsen Bay                | 97              | \$6,790                               |                                | \$0  | \$6,790                  |
| Lower Kalskag             | 252             | \$17,640                              |                                | \$0  | \$17,640                 |
| Manokotak                 | 437             | \$30,590                              |                                | \$0  | \$30,590                 |
| Marshall                  | 370             | \$25,900                              |                                | \$0  | \$25,900                 |
| Matanuska-Susitna Borough | 60,799          | \$4,255,930                           | 74,041                         | \$2,221,230  | \$6,477,160              |
| McGrath                   | 347             | \$24,290                              |                                | \$0  | \$24,290                 |
| Mekoryuk                  | 192             | \$13,440                              |                                | \$0  | \$13,440                 |
| Metlakatla                | 1,397           | \$97,790                              |                                | \$0  | \$97,790                 |
| Mountain Village          | 786             | \$55,020                              |                                | \$0  | \$55,020                 |
| Napekiak                  | 373             | \$26,110                              |                                | \$0  | \$26,110                 |
| Napaskiak                 | 428             | \$29,960                              |                                | \$0  | \$29,960                 |
| Nenana                    | 549             | \$38,430                              | 549                            | \$16,470   | \$54,900                 |
| New Stuyahok              | 461             | \$32,270                              |                                | \$0  | \$32,270                 |
| Newhalen                  | 180             | \$12,600                              |                                | \$0  | \$12,600                 |
| Nightmute                 | 234             | \$16,380                              |                                | \$0  | \$16,380                 |
| Nikolai                   | 109             | \$7,630                               |                                | \$0  | \$7,630                  |
| Nome                      | 3,508           | \$245,560                             | 3,508                          | \$105,240  | \$350,800                |
| Nondalton                 | 203             | \$14,210                              |                                | \$0  | \$14,210                 |

**2003 Community Dividend Estimates**

| Municipalities           | 2005 Population | Community Dividend at \$70 Per Capita | 2005 School Support Population | Municipal School Support Dividend at \$30 Per Capita | Total Community Dividend |
|--------------------------|-----------------|---------------------------------------|--------------------------------|--|--------------------------|
| Noorvik                  | 628             | \$43,960                              |                                | \$0  | \$43,960                 |
| North Pole               | 1,595           | \$111,650                             |                                | \$0  | \$111,650                |
| North Slope Borough      | 251             | \$17,570                              | 6,894                          | \$206,820  | \$224,390                |
| Northwest Arctic Borough | 735             | \$51,450                              | 7,323                          | \$219,690  | \$271,140                |
| Nuiqsut                  | 411             | \$28,770                              |                                | \$0  | \$28,770                 |
| Nulato                   | 310             | \$21,700                              |                                | \$0  | \$21,700                 |
| Nunam Iqua               | 204             | \$14,280                              |                                | \$0  | \$14,280                 |
| Nunapitchuk              | 516             | \$36,120                              |                                | \$0  | \$36,120                 |
| Old Harbor               | 200             | \$14,000                              |                                | \$0  | \$14,000                 |
| Ouzinkie                 | 191             | \$13,370                              |                                | \$0  | \$13,370                 |
| Palmer                   | 5,382           | \$376,740                             |                                | \$0  | \$376,740                |
| Pelican                  | 115             | \$8,050                               | 115                            | \$3,450  | \$11,500                 |
| Petersburg               | 3,155           | \$220,850                             | 3,155                          | \$94,650   | \$315,500                |
| Pilot Point              | 73              | \$5,110                               |                                | \$0  | \$5,110                  |
| Pilot Station            | 565             | \$39,550                              |                                | \$0  | \$39,550                 |
| Platinum                 | 38              | \$2,660                               |                                | \$0  | \$2,660                  |
| Point Hope               | 702             | \$49,140                              |                                | \$0  | \$49,140                 |
| Port Alexander           | 75              | \$5,250                               |                                | \$0  | \$5,250                  |
| Port Heiden              | 89              | \$6,230                               |                                | \$0  | \$6,230                  |
| Port Lions               | 220             | \$15,400                              |                                | \$0  | \$15,400                 |
| Quinhagak                | 642             | \$44,940                              |                                | \$0  | \$44,940                 |
| Ruby                     | 185             | \$12,950                              |                                | \$0  | \$12,950                 |
| Russian Mission          | 329             | \$23,030                              |                                | \$0  | \$23,030                 |
| Saint George             | 128             | \$8,960                               |                                | \$0  | \$8,960                  |
| Saint Mary's             | 570             | \$39,900                              | 570                            | \$17,100   | \$57,000                 |
| Saint Michael            | 427             | \$29,890                              |                                | \$0  | \$29,890                 |
| Saint Paul               | 488             | \$34,160                              |                                | \$0  | \$34,160                 |
| Sand Point               | 939             | \$65,730                              |                                | \$0  | \$65,730                 |
| Savoonga                 | 695             | \$48,650                              |                                | \$0  | \$48,650                 |
| Saxman                   | 405             | \$28,350                              |                                | \$0  | \$28,350                 |
| Scammon Bay              | 509             | \$35,630                              |                                | \$0  | \$35,630                 |
| Selawik                  | 830             | \$58,100                              |                                | \$0  | \$58,100                 |
| Seldovia                 | 287             | \$20,090                              |                                | \$0  | \$20,090                 |
| Seward                   | 2,606           | \$182,420                             |                                | \$0  | \$182,420                |
| Shageluk                 | 129             | \$9,030                               |                                | \$0  | \$9,030                  |
| Shaktolik                | 224             | \$15,680                              |                                | \$0  | \$15,680                 |
| Shishmaref               | 581             | \$40,670                              |                                | \$0  | \$40,670                 |
| Shungnak                 | 259             | \$18,130                              |                                | \$0  | \$18,130                 |
| Sitka                    | 8,947           | \$626,290                             | 8,947                          | \$268,410  | \$894,700                |
| Skagway                  | 834             | \$58,380                              | 834                            | \$25,020   | \$83,400                 |
| Soldotna                 | 3,869           | \$270,830                             |                                | \$0  | \$270,830                |
| Stebbins                 | 596             | \$41,720                              |                                | \$0  | \$41,720                 |
| Tanana                   | 281             | \$19,670                              | 281                            | \$8,430  | \$28,100                 |
| Teller                   | 263             | \$18,410                              |                                | \$0  | \$18,410                 |
| Tenakee Springs          | 98              | \$6,860                               |                                | \$0  | \$6,860                  |
| Thorne Bay               | 486             | \$34,020                              |                                | \$0  | \$34,020                 |
| Togiak                   | 779             | \$54,530                              |                                | \$0  | \$54,530                 |
| Toksook Bay              | 596             | \$41,720                              |                                | \$0  | \$41,720                 |
| Unalakleet               | 710             | \$49,700                              |                                | \$0  | \$49,700                 |
| Unalaska                 | 4,297           | \$300,790                             | 4,297                          | \$128,910  | \$429,700                |
| Upper Kalskag            | 276             | \$19,320                              |                                | \$0  | \$19,320                 |
| Valdez                   | 4,454           | \$311,780                             | 4,454                          | \$133,620  | \$445,400                |

**2005 Community Dividend Estimates**

| Municipalities          | 2005 Population | Community Dividend at \$70 Per Capita | 2005 School Support Population | Municipal School Support Dividend at \$30 Per Capita | Total Community Dividend |
|-------------------------|-----------------|---------------------------------------|--------------------------------|--|--------------------------|
| Wainwright              | 520             | \$36,400                              |                                | \$0  | \$36,400                 |
| Wales                   | 151             | \$10,570                              |                                | \$0  | \$10,570                 |
| Wasilla                 | 6,413           | \$448,910                             |                                | \$0  | \$448,910                |
| White Mountain          | 224             | \$15,680                              |                                | \$0  | \$15,680                 |
| Whittier                | 188             | \$13,160                              |                                | \$0  | \$13,160                 |
| Wrangell                | 1,974           | \$138,180                             | 1,974                          | \$59,220   | \$197,400                |
| Yakutat                 | 619             | \$43,330                              | 619                            | \$18,570   | \$61,900                 |
| <b>Municipal Totals</b> | <b>646,173</b>  | <b>\$45,232,110</b>                   | <b>611,000</b>                 | <b>\$18,332,400</b>                                  | <b>\$63,564,510</b>      |



# Alaska State Legislature

## Senate Republican Minority

Web: [www.aksenateminority.com](http://www.aksenateminority.com)

Sponsor: Senator Gary Wilken  
Contact: Sheila Peterson, 465-3709  
Bill Version: SB 3

### Fact Sheet for: Senate Bill 3

**Short Title:** COMMUNITY DIVIDEND PROGRAM

#### Summary:

- Establishes the community dividend fund and allows the Legislature to appropriate to the community dividend fund from the general fund the amount necessary to fully fund community dividends.
- Allows the Legislature to consider making the appropriation from the following sources in the following order, if the legislature determines that amounts in the general fund are insufficient:
  - constitutional budget reserve fund
  - Alaska capital income fund
  - earnings reserve account of the permanent fund
- Provides \$70 per person for all municipalities and unincorporated communities.
- Provides an additional \$30 per person residing in a municipality that contributes locally to its school district.
- Allows the dividend to be reduced or increased on a pro-rata basis if funds are not sufficient or exceed the amount necessary for full funding.

#### Benefits:

- Creates a sustainable community dividend program that shares the state's wealth with local communities.
- Establishes a revenue-sharing program that distributes state funds equally among all its residents on a per person basis.
- Provides funds to local communities to help in the operation of local governments.
- Recognizes the extra costs borne by residents who provide financial support for their local schools.

#### Background:

- The Legislature created revenue sharing in 1969 to help ease fiscal problems facing local governments, reduce local property taxes, and encourage local governments to provide adequate levels of public services. In 2003, in the face of a possible revenue deficit, Governor Frank Murkowski vetoed state revenue-sharing funds for local governments. Historically, as state support for municipal governments decreases, local property and sales taxes increase. Nationwide most states offer some financial aid, through revenue-sharing programs, to their respective local communities.

**SB 3 Community Dividend Estimates**

| <b>Unincorporated Communities</b> | <b>2005<br/>Population</b> | <b>Community<br/>Dividend<br/>at \$70 Per Capita</b> | <b>2005 School<br/>Support<br/>Population</b> | <b>Municipal School<br/>Support Dividend<br/>at \$30 Per Capita</b> | <b>Total<br/>Community<br/>Dividend</b> |
|-----------------------------------|----------------------------|--|---|---|---|
| Akiachak                          | 644                        | \$45,080   |   |   | \$45,080                                |
| Alatna                            | 41                         | \$2,870  |   |   | \$2,870                                 |
| Arctic Village                    | 147                        | \$10,290   |   |   | \$10,290                                |
| Atmautluak                        | 304                        | \$21,280   |   |   | \$21,280                                |
| Beaver                            | 64                         | \$4,480  |   |   | \$4,480                                 |
| Birch Creek                       | 33                         | \$2,310  |   |   | \$2,310                                 |
| Central                           | 97                         | \$6,790  |   |   | \$6,790                                 |
| Chalkyitsik                       | 79                         | \$5,530  |   |   | \$5,530                                 |
| Chenega Bay                       | 82                         | \$5,740  |   |   | \$5,740                                 |
| Chistochina                       | 104                        | \$7,280  |   |   | \$7,280                                 |
| Chitina                           | 110                        | \$7,700  |   |   | \$7,700                                 |
| Circle                            | 90                         | \$6,300  |   |   | \$6,300                                 |
| Copper Center                     | 452                        | \$31,640   |   |   | \$31,640                                |
| Crooked Creek                     | 145                        | \$10,150   |   |   | \$10,150                                |
| Deltana                           | 1,939                      | \$135,730  |   |   | \$135,730                               |
| Dot Lake                          | 60                         | \$4,200  |   |   | \$4,200                                 |
| Dry Creek                         | 107                        | \$7,490  |   |   | \$7,490                                 |
| Eagle Village                     | 68                         | \$4,760  |   |   | \$4,760                                 |
| Edna Bay                          | 41                         | \$2,870  |   |   | \$2,870                                 |
| Elfin Cove                        | 29                         | \$2,030  |   |   | \$2,030                                 |
| Four Mile Road                    | 31                         | \$2,170  |   |   | \$2,170                                 |
| Gakona                            | 214                        | \$14,980   |   |   | \$14,980                                |
| Glennallen                        | 589                        | \$41,230   |   |   | \$41,230                                |
| Goldstream                        | 34                         | \$2,380  |   |   | \$2,380                                 |
| Gulkana                           | 195                        | \$13,650   |   |   | \$13,650                                |
| Healy Lake                        | 29                         | \$2,030  |   |   | \$2,030                                 |
| Hollis                            | 137                        | \$9,590  |   |   | \$9,590                                 |
| Hyder                             | 91                         | \$6,370  |   |   | \$6,370                                 |
| Kasigluk                          | 534                        | \$37,380   |   |   | \$37,380                                |
| Kenny Lake                        | 417                        | \$29,190   |   |   | \$29,190                                |
| Kipnuk                            | 688                        | \$48,160   |   |   | \$48,160                                |
| Klukwan                           | 109                        | \$7,630  |   |   | \$7,630                                 |
| Koliganek                         | 167                        | \$11,690   |   |   | \$11,690                                |
| Kongiganak                        | 427                        | \$29,890   |   |   | \$29,890                                |
| Kwigillingok                      | 361                        | \$25,270   |   |   | \$25,270                                |
| Lime Village                      | 28                         | \$1,960  |   |   | \$1,960                                 |
| Manley Hot Springs                | 74                         | \$5,180  |   |   | \$5,180                                 |
| McCarthy                          | 70                         | \$4,900  |   |   | \$4,900                                 |
| Mentasta                          | 126                        | \$8,820  |   |   | \$8,820                                 |
| Minto                             | 202                        | \$14,140   |   |   | \$14,140                                |
| Naukati Bay                       | 106                        | \$7,420  |   |   | \$7,420                                 |
| Nelchina/Mendeltna                | 139                        | \$9,730  |   |   | \$9,730                                 |
| Newtok                            | 315                        | \$22,050   |   |   | \$22,050                                |
| Nikolski                          | 31                         | \$2,170  |   |   | \$2,170                                 |
| Northway                          | 177                        | \$12,390   |   |   | \$12,390                                |
| Oscarville                        | 59                         | \$4,130  |   |   | \$4,130                                 |
| Paxson                            | 37                         | \$2,590  |   |   | \$2,590                                 |
| Pitka's Point                     | 103                        | \$7,210  |   |   | \$7,210                                 |
| Port Protection                   | 54                         | \$3,780  |   |   | \$3,780                                 |
| Rod Devil                         | 36                         | \$2,520  |   |   | \$2,520                                 |
| Silver Springs                    | 107                        | \$7,490  |   |   | \$7,490                                 |
| Slana                             | 103                        | \$7,210  |   |   | \$7,210                                 |

**SB 3 Community Dividend Estimates**

| <b>Unincorporated Communities</b> | <b>2005<br/>Population</b> | <b>Community<br/>Dividend<br/>at \$70 Per Capita</b> | <b>2005 School<br/>Support<br/>Population</b> | <b>Municipal School<br/>Support Dividend<br/>at \$30 Per Capita</b> | <b>Total<br/>Community<br/>Dividend</b> |
|-----------------------------------|----------------------------|--|---|---|---|
| Sleetmute                         | 92                         | \$6,440  |   |   | \$6,440                                 |
| Stevens Village                   | 68                         | \$4,760  |   |   | \$4,760                                 |
| Stony River                       | 42                         | \$2,940  |   |   | \$2,940                                 |
| Takotna                           | 39                         | \$2,730  |   |   | \$2,730                                 |
| Tanacross                         | 149                        | \$10,430   |   |   | \$10,430                                |
| Tatitlek                          | 102                        | \$7,140  |   |   | \$7,140                                 |
| Tazlina                           | 185                        | \$12,950   |   |   | \$12,950                                |
| Tetlin                            | 150                        | \$10,500   |   |   | \$10,500                                |
| Tok                               | 1,459                      | \$102,130  |   |   | \$102,130                               |
| Tuluksak                          | 466                        | \$32,620   |   |   | \$32,620                                |
| Tuntutuliak                       | 399                        | \$27,930   |   |   | \$27,930                                |
| Tununak                           | 328                        | \$22,960   |   |   | \$22,960                                |
| Twin Hills                        | 71                         | \$4,970  |   |   | \$4,970                                 |
| Venetie                           | 184                        | \$12,880   |   |   | \$12,880                                |
| Whale Pass                        | 76                         | \$5,320  |   |   | \$5,320                                 |
| Whitestone                        | 176                        | \$12,320   |   |   | \$12,320                                |
| <b>Total Unincorporated</b>       | <b>14,412</b>              | <b>\$1,008,840</b>                                   |   |   | <b>\$1,008,840</b>                      |
| <b>Grand Total</b>                |                            |  |   |   | <b>\$64,573,350</b>                     |

**SB**

**4**

**Out of Session:**

Legislative Information Office  
P.O. Box 1630  
Nome, AK 99762-1630  
(907) 443-5555  
(907) 443-2162 (Fax)

# Alaska State Legislature



**In Session:**

State Capitol  
Juneau, AK 99801-1182  
(800) 597-3707  
(907) 465-3707  
(907) 465-4821 (Fax)

## SENATOR DONALD C. OLSON

DISTRICT T

- Alakanuk
- Ambler
- Anaktuvuk Pass
- Atkasuk
- Barrow
- Brovig Mission
- Browerville
- Buckland
- Chevak
- Deering
- Diomedes
- Elim
- Emmonak
- Gambell
- Grovin
- Hooper Bay
- Kaktovik
- Kiana
- Kivalina
- Kobuk
- Kotlik
- Kotzebue
- Koyuk
- Mountain Village
- Ncatak
- Nome
- Noorvik
- Nuiqsut
- Nunam Iqua
- Pilot Station
- Pitka's Point
- Point Hope
- Point Lay
- Savoonga
- Scammon Bay
- Selawik
- Shaktolik
- Shishmaref
- Shungnak
- St. Mary's
- Michael
- Robins
- Teller
- Unalakleet
- Wainwright
- Wales
- White Mountain

### Sponsor Statement Senate Bill 4 SeniorCare Program

SB 4 does three things to the SeniorCare Program. It extends the program's sunset date to June 30, 2011; removes the underutilized prescription drug benefit; and increases the monthly cash benefit based on a senior's income related to the federal poverty level guidelines adjusted for Alaska. Monthly payments are:

- \$175 per month if the individual's household income does not exceed 100 percent of the federal poverty guidelines for Alaska
- \$150 per month if the individual's household income does not exceed 135 but is above 100 percent of the federal poverty guidelines for Alaska
- \$100 per month if the individual's household income does not exceed 150 but is above 135 percent of the federal poverty guidelines for Alaska

The SeniorCare Program is strictly a needs based program. No Asset Test will be in place.

SB 4 covers eligible seniors who may have been part of the Longevity Bonus Program prior to its funding being eliminated, as well as individuals who meet the eligibility criteria. The Department of Health and Social Services estimates that the SeniorCare Program currently serves approximately 7,000 seniors with financial assistance. The Department estimates an additional 1,800 seniors will qualify for SeniorCare under SB 4. The SeniorCare Program would run concurrently, but not in addition to any Longevity Bonus Program that may be redeveloped. An individual who is receiving a Longevity Bonus payment is not eligible for the benefits of the SeniorCare Program.

This bill also includes provisions that raise the eligibility limit for participation in the Denali KidCare program to 175% of the federal poverty level for Alaska. That figure is currently \$17,120/year for a single parent and child. This change puts Alaska closer to the vast majority of states, which set eligibility at 200% or higher. About 70% of the program costs are covered by the federal government, making the cost to the state under \$800,000. 1,500 additional Alaskans (low income children and pregnant women) will receive health coverage as a result of this change.

**Out of Session:**  
Legislative Information Office  
P.O. Box 1630  
Nome, AK 99762-1630  
(907) 443-5555  
(907) 443-2162 (Fax)

# Alaska State Legislature



**In Session:**  
State Capitol  
Juneau, AK 99801-1182  
(800) 597-3707  
(907) 465-3707  
(907) 465-4821 (Fax)

## SENATOR DONALD C. OLSON

### DISTRICT T

Alakanuk  
Ambler  
Anaktuvuk Pass  
Aqasuk  
Barrow  
Brovig Mission  
Browerville  
Buckland  
Chevak  
Deering  
Diomedea  
Elim  
Emmonak  
Gambell  
Healy  
Hooper Bay  
Kaktovik  
Kiana  
Kivalina  
Kobuk  
Kotik  
Kotzebue  
Koyuk  
Mountain Village  
Noatak  
Nome  
Noorvik  
Nuqsut  
Nunam Iqua  
Pilot Station  
Pitka's Point  
Point Hope  
Point Lay  
Savoonga  
Scammon Bay  
Selawik  
Shaktolik  
Shishmaref  
Shungnak  
St. Mary's  
Togiak  
Tombig  
Teller  
Unalakleet  
Wainwright  
Wales  
White Mountain

### Sponsor Statement for Senate Bill 4

Senate Bill 4 does three things to the Senior Care Program. It eliminates the program's scheduled sunset date of June 30, 2007; removes the underutilized prescription drug benefit; and increases the monthly financial assistance from \$120 to \$150.

The Senior Care Program is strictly a needs based program. To be eligible for the program, the income of applicants, who meet all other eligibility criteria, must not exceed \$16,133 annually for a one person household and \$21,641 annually for a two person household. These amounts are frozen at 135 percent of the 2005 federal poverty guidelines.

Senate Bill 4 covers eligible seniors who may have been part of the Longevity Bonus Program prior to its funding being eliminated, as well as individuals who meet the eligibility criteria. The Department of Health and Social Services estimates that the Senior Care Program currently serves approximately 7,000 seniors with financial assistance. The prescription drug benefit has historically served approximately 140 seniors. The Senior Care Program would run concurrently with any Longevity Bonus Program that may be redeveloped. An individual who is receiving a Longevity Bonus payment is not eligible for the benefits of the Senior Care Program.

Updated 2 27 07 ga

## **Highlights of SB 4 Version \M**

- ***extends the program's sunset date four years to June 30, 2011***  
(page 3 line 28)
- ***changes the criteria of the annual federal poverty guidelines for Alaska to the current guideline eliminating the freeze on that guideline at the 2005 level***  
(page 2 lines 7 -9)
- ***Removes the underutilized prescription drug benefit***  
(page 1 lines 6 & 7)
- ***establishes a three level monthly payout: \$175 for a senior whose household income does not exceed 100% of the federal poverty level adjusted for Alaska; \$150 for a senior whose household income does not exceed 135% of the federal poverty level adjusted for Alaska; \$100 per month for a senior whose household income does not exceed 150% of the federal poverty level adjusted for Alaska***  
(page 2 lines 16 - 24)
- ***does not require an Asset Test (current regulations reflect an asset test of liquid assets of \$6,000 for a single senior and \$9,000 for a couple)***  
(in regulations, not statutes)
- ***seniors cannot receive both the Longevity Bonus and the Senior Care benefit***  
(see page 2, lines 10 and 11)
- ***HSS estimates 8,800 seniors will qualify for Senior Care and an approximate, 1,500 Alaskan children and pregnant women will have access to medical care under SB 4***  
(on fiscal note number 6, page 3 column 1 the statistics are outlined for FY '08)
- ***has a fiscal note of \$18,182.4 total FY08 Costs (after adding in the Denali Kid Care component of \$2691.5 less the Federal Share of \$1,907.4 equaling a net addition of \$783.5***  
(Fiscal Note 6)

*updated  
4/10/09*

## **Highlights of SB 4 Version \M**

- ***extends the program's sunset date four years to June 30, 2011***  
(page 3 line 28)
- ***changes the criteria of the annual federal poverty guidelines for Alaska to the current guideline eliminating the freeze on that guideline at the 2005 level***  
(page 2 lines 7 -9)
- ***Removes the underutilized prescription drug benefit***  
(page 1 lines 6 & 7)
  
- ***establishes a three level monthly payout: \$175 for a senior whose household income does not exceed 100% of the federal poverty level adjusted for Alaska; \$150 for a senior whose household income does not exceed 135% of the federal poverty level adjusted for Alaska; \$100 per month for a senior whose household income does not exceed 150% of the federal poverty level adjusted for Alaska***  
(page 2 lines 16 - 24)
  
- ***does not require an Asset Test (current regulations reflect an asset test of liquid assets of \$6,000 for a single senior and \$9,000 for a couple)***  
(in regulations, not statutes)
  
- ***seniors cannot receive both the Longevity Bonus and the Senior Care benefit***  
(see page 2, lines 10 and 11)
  
- ***HSS estimates 8,800 seniors will qualify for Senior Care under SB 4***  
(on fiscal note number 1, page 3 middle chart column 2 line 4 and bottom chart column 2 line 1)
  
- ***has a fiscal note of \$17,398.9 total FY08 Costs***  
(Fiscal Note 1)

**Secs. 7 & 8 – is conforming language to repeal of the prescription drug benefit**

**Sec. 9 - is for the Sunset of June 30, 2011**

**Sec. 10 – keeps Senior Care Funds from lapsing into the GF**

**Sec. 11 – if this bill is not passed this session, this section gives retroactivity to June 30, 2007**

**Sec. 13 – is the current effective date of this act**

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 4  
 (S) Publish Date: 2/22/07  
 Dept. Affected: Health & Social Services  
 RDU: Public Assistance  
 Component: SeniorCare

Revision Date/Time (Note if correction):  
 Title: RELATING TO SENIOR CARE

Sponsor: OLSON  
 Requester: SENATE (HES)

Component No. 2760

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

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

| OPERATING EXPENDITURES | FY 2008           | FY 2009           | FY 2010           | FY 2011           | FY 2012           | FY 2013           |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Personal Services      |                   |                   |                   |                   |                   |                   |
| Travel                 |                   |                   |                   |                   |                   |                   |
| Contractual            |                   |                   |                   |                   |                   |                   |
| Supplies               |                   |                   |                   |                   |                   |                   |
| Equipment              |                   |                   |                   |                   |                   |                   |
| Land & Structures      |                   |                   |                   |                   |                   |                   |
| Grants & Claims        | ( 3,931.8)        | ( 3,818.4)        | ( 3,703.2)        | ( 3,586.2)        | ( 3,469.2)        | ( 3,350.4)        |
| Miscellaneous          |                   |                   |                   |                   |                   |                   |
| <b>TOTAL OPERATING</b> | <b>( 3,931.8)</b> | <b>( 3,818.4)</b> | <b>( 3,703.2)</b> | <b>( 3,586.2)</b> | <b>( 3,469.2)</b> | <b>( 3,350.4)</b> |

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

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

**FUND SOURCE** (Thousands of Dollars)

|                                       |                   |                   |                   |                   |                   |                   |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1002 Federal Receipts                 |                   |                   |                   |                   |                   |                   |
| 1003 GF Match                         |                   |                   |                   |                   |                   |                   |
| 1004 GF                               | ( 1,549.0)        | ( 1,435.6)        | ( 1,320.4)        | ( 1,203.4)        | ( 1,086.4)        | ( 967.6)          |
| 1037 GF/Mental Health                 |                   |                   |                   |                   |                   |                   |
| 11189 SeniorCare Fund                 | ( 2,382.8)        | ( 2,382.8)        | ( 2,382.8)        | ( 2,382.8)        | ( 2,382.8)        | ( 2,382.8)        |
| Other(Specify Type-do not abbreviate) |                   |                   |                   |                   |                   |                   |
| <b>TOTAL</b>                          | <b>( 3,931.8)</b> | <b>( 3,818.4)</b> | <b>( 3,703.2)</b> | <b>( 3,586.2)</b> | <b>( 3,469.2)</b> | <b>( 3,350.4)</b> |

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

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

The Senior Care program helps low-income seniors over age 65 remain independent in the community by providing an income supplement of \$120 per month to help meet their basic needs, such as food and housing. Nearly 7,000 seniors are currently receiving financial help from the Senior Care Program and about 140 are receiving help in paying for the premium and deductibles of prescription drug insurance through the prescription drug benefit.

This bill provides for continuation of the Senior Care Program, and increases the monthly income supplement for low income seniors from \$120 per month to \$150 per month. It eliminates the prescription drug benefit (payment of premiums and deductibles) which has had very low enrollment, and keeps the program's income qualifying standards at 135% of the 2005 federal poverty guideline for Alaska (below \$16,133 for an individual, and below \$21,641 for a couple).

Prepared by: Ellie Fitzjarrald, Acting Director  
 Division: Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-5847  
 Date/Time 02/13/2007  
 Date 02/14/2007

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

BILL NO. SB 4

ANALYSIS CONTINUATION  
Assumptions

- \* The Alaska Longevity Bonus (ALB) Program will be reopened and funded in FY08.
- \* This fiscal note makes the assumptions that seniors who qualify for the ALB will not qualify for SeniorCare, and that seniors who formerly received an ALB payment of at least \$150 will elect to receive the higher ALB payment instead of SeniorCare.
- \* 2,208 former ALB recipients received an ALB payment of \$150 or more during the phase-out of the ALB program.
- \* During FY09-FY13, the number of seniors receiving help from the Senior Care Program will grow at a rate of 1.3%/year (based on 6-year average rate of growth in the old age component of the APA program).

| FY   | Caseload | 1.3% Growth | Revised Caseload | Less ALB | Total | Cost Total x 150 x 12 |
|------|----------|-------------|------------------|----------|-------|-----------------------|
| FY08 | 7,043    |             | 7,043            | (2,208)  | 4,835 | \$8,703.0             |
| FY09 | 4,835    | 53          | 4,898            |          | 4,898 | \$8,816.4             |
| FY10 | 4,898    | 54          | 4,962            |          | 4,962 | \$8,931.6             |
| FY11 | 4,962    | 55          | 5,027            |          | 5,027 | \$9,048.6             |
| FY12 | 5,027    | 55          | 5,092            |          | 5,092 | \$9,165.6             |
| FY13 | 5,092    | 66          | 5,158            |          | 5,158 | \$9,284.4             |

Administration

There are no additional administrative costs for operating the Senior Care Program. These costs are included in the Governor's FY08 budget.

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSSB 4(FIN)  
 (S) Publish Date: 4/4/07  
 Dept. Affected: Health & Social Services  
 RDU: Public Assistance  
 Component: SeniorCare

Revision Date/Time (Note if correction):  
 Title: RELATING TO SENIOR CARE  
 Sponsor: OLSON  
 Requester: SENATE (FIN)

Component No. 2760

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

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

| OPERATING EXPENDITURES | FY 2008         | FY 2009         | FY 2010         | FY 2011         | FY 2012    | FY 2013    |
|------------------------|-----------------|-----------------|-----------------|-----------------|------------|------------|
| Personal Services      | 460.2           | 460.2           | 460.2           | 460.2           |            |            |
| Travel                 | 9.7             | 9.7             | 9.7             | 9.7             |            |            |
| Contractual            | 229.7           | 169.7           | 169.7           | 169.7           |            |            |
| Supplies               | 53.5            | 43.5            | 43.5            | 43.5            |            |            |
| Equipment              |                 |                 |                 |                 |            |            |
| Land & Structures      |                 |                 |                 |                 |            |            |
| Grants & Claims        | 16,645.8        | 16,862.2        | 17,081.4        | 17,305.5        |            |            |
| Miscellaneous          |                 |                 |                 |                 |            |            |
| <b>TOTAL OPERATING</b> | <b>17,398.9</b> | <b>17,545.3</b> | <b>17,764.5</b> | <b>17,988.6</b> | <b>0.0</b> | <b>0.0</b> |

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

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

**FUND SOURCE** (Thousands of Dollars)

|                                       |                 |                 |                 |                 |            |            |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|------------|------------|
| 1002 Federal Receipts                 |                 |                 |                 |                 |            |            |
| 1003 GF Match                         |                 |                 |                 |                 |            |            |
| 1004 GF                               | 17,398.9        | 17,545.3        | 17,764.5        | 17,988.6        |            |            |
| 1037 GF/Mental Health                 |                 |                 |                 |                 |            |            |
| Other(Specify Type-do not abbreviate) |                 |                 |                 |                 |            |            |
| Other(Specify Type-do not abbreviate) |                 |                 |                 |                 |            |            |
| <b>TOTAL</b>                          | <b>17,398.9</b> | <b>17,545.3</b> | <b>17,764.5</b> | <b>17,988.6</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

|           |   |   |   |   |  |  |
|-----------|---|---|---|---|--|--|
| Full-time | 6 | 6 | 6 | 6 |  |  |
| Part-time |   |   |   |   |  |  |
| Temporary |   |   |   |   |  |  |

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

The current Senior Care program helps low-income seniors over age 65 remain independent in the community by providing an income supplement of \$120 per month to help meet their basic needs, such as food and housing. Nearly 7,000 seniors are currently receiving financial help from the Senior Care program and about 140 are receiving help in paying for the premium and deductibles of prescription drug insurance through the prescription drug program.

This amendment:

- Provides for continuation of the SeniorCare cash benefit until June 30, 2011.

Prepared by: Ellie Fitzjarrald, Director  
 Division: Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone: 465-5847  
 Date/Time: 04/02/2007  
 Date: 04/03/2007

STATE OF ALASKA  
2007 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

(cont. from page 1)

- Sets the maximum income eligibility level to 150% of the federal poverty guideline for Alaska (adjusted annually).
- Sets the payment at one of three amounts that depend on the person or couple's income level:
  - \* \$175 if household income is less than 100% of poverty
  - \* \$150 if household income is between 100% and 135% of poverty, and
  - \* \$100 if household income is between 135% and 150% of poverty.

**Benefit Costs**

**Assumptions:**

The fiscal note assumes reauthorization of the Senior Care cash benefit and elimination of the drug benefit. It also assumes:

- The sponsor's intent that there is no asset test.
- If the ALB funded, seniors will choose either ALB or Senior Care.
- Seniors who qualify for the ALB will not qualify for Senior Care.
- We assume that the payment amount will vary depending on the household's income level.
- In FY08, the department estimates an average of 7,043 seniors who currently qualify for the Senior Care cash benefit will continue to qualify for Senior Care.
- \* The department estimates an additional 300 seniors will qualify with the higher income limits. This represents the number of seniors who became ineligible for the Senior Care program due to the income limits frozen at 2005 levels.
- The department estimates an additional 300 seniors will qualify for the new program due to the elimination of the asset test. Currently approximately 4% of SeniorCare applicants are denied due to assets. Note: Information about senior assets is not available to the department. Costs associated with this provision will need to be reevaluated as we gain experience with the new program.
- The department estimates an additional 380 seniors will be served annually for every 5% increment increase above 100% of poverty.

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ANALYSIS CONTINUATION  
(cont. from page 2)

The tables below display the 2007 poverty guidelines for Alaska for a single person or a couple, the projected caseload size at each level of poverty in FY 2008, and the estimated cost of benefits (benefits only) at an estimated annual caseload growth of 1.3%.

| Household | 2007 AK Guidelines | 135%     | 150%      |
|-----------|--------------------|----------|-----------|
| 1         | \$12,770           | \$17,240 | \$19,155  |
| 2         | \$17,120           | \$23,112 | \$ 25,680 |

| Poverty Level  | FY08 Estimated Caseload | Benefit    | FY08 Estimated Benefit Cost |
|----------------|-------------------------|------------|-----------------------------|
| < 100%         | 5,000                   | \$175      | \$10,500.0                  |
| 100 - 135%     | 2,643                   | \$150      | \$4,757.4                   |
| 135 - 150%     | 1,157                   | \$100      | \$1,388.4                   |
| Total Caseload | 8,800                   | Total Cost | \$16,645.8                  |

| Fiscal Year | Total Estimated Caseload | Total Estimated Benefit |
|-------------|--------------------------|-------------------------|
| FY08        | 8,800                    | \$ 16,645.8             |
| FY09        | 8,914                    | \$ 16,862.2             |
| FY10        | 9,030                    | \$ 17,081.4             |
| FY11        | 9,148                    | \$ 17,303.5             |

**Administrative Costs**

**Assumptions:**

- \* The four positions currently administering the Senior Care program will continue to administer the program: 1 Administrative Clerk II (Range 8); 4 Eligibility Technician I's (Range 14), and 1 Eligibility Technician III Lead Worker (Range 15). An additional two positions will be necessary to manage the increased caseload. These positions are responsible for the initial and ongoing determination of eligibility, processing claims, and serving as a liaison with the Social Security Administration to facilitate recipient enrollment in Medicare Part D.

**STATE OF ALASKA  
2007 LEGISLATIVE SESSION**

**ANALYSIS CONTINUATION**

(cont. from page 3)

- \* In May 2007, DPA will begin notifying seniors about the new program. Current SeniorCare recipients will be mailed an abbreviated form for completion and informed of the need to apply for the new program. DPA will begin accepting applications in May; however, higher payment levels may be delayed until system modifications are completed, which may be October 2007.
- \* Modifications to DPA's Eligibility Information System (EIS) are necessary to facilitate the issuance of three different payments depending on household income. These changes are estimated to take three months of programming and testing.

**Total FY08 Administrative Costs: \$753.1**

- Personal Services (6 positions): \$460.2
- Travel (to support employee training, marketing, outreach): 9.7
- Contractual (for information technology, telecommunication, postage, printing, & building lease costs): \$129.7
  - Outreach to inform seniors of the program's availability and benefits, and to make referrals to other programs as appropriate: \$40.0
  - EIS Computer Programming Modifications \$60.0 (one time cost for FY08)
- Supplies (training materials and office supplies): \$43.5
- Additional Equipment/Supply: Desktop computer, printer and station for two new positions: \$10.0 (one time cost for FY08)

All costs are eliminated in FY2012 to reflect the sunset of the program.

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSSB 4(FIN) am  
 (S) Publish Date: 4/5/07  
 Dept. Affected: Health & Social Services  
 RDU: Behavioral Health  
 Component: Behavioral Hlth Medicaid Svcs

Revision Date/Time (Note if correction):  
 Title: RELATING TO SENIOR CARE

Sponsor: OLSON  
 Requester: SENATE (FIN)

Component No. 2680

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

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

| OPERATING EXPENDITURES | FY 2008      | FY 2009      | FY 2010      | FY 2011      | FY 2012      | FY 2013      |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services      |              |              |              |              |              |              |
| Travel                 |              |              |              |              |              |              |
| Contractual            |              |              |              |              |              |              |
| Supplies               |              |              |              |              |              |              |
| Equipment              |              |              |              |              |              |              |
| Land & Structures      |              |              |              |              |              |              |
| Grants & Claims        | 455.9        | 495.1        | 537.6        | 583.9        | 634.1        | 688.6        |
| Miscellaneous          |              |              |              |              |              |              |
| <b>TOTAL OPERATING</b> | <b>455.9</b> | <b>495.1</b> | <b>537.6</b> | <b>583.9</b> | <b>634.1</b> | <b>688.6</b> |

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

**FUND SOURCE** (Thousands of Dollars)

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts                   | 311.1        | 327.2        | 353.0        | 383.4        | 416.4        | 452.2        |
| 1003 GF Match                           | 144.8        | 167.9        | 184.6        | 200.5        | 217.7        | 236.4        |
| 1004 GF                                 |              |              |              |              |              |              |
| 1037 GF/Mental Health                   |              |              |              |              |              |              |
| Other(Specify Type-do not abbreviate)   |              |              |              |              |              |              |
| Other r(Specify Type-do not abbreviate) |              |              |              |              |              |              |
| <b>TOTAL</b>                            | <b>455.9</b> | <b>495.1</b> | <b>537.6</b> | <b>583.9</b> | <b>634.1</b> | <b>688.6</b> |

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

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

CS SB 4 (FIN) Am, partially reverses the September 2003 legislation that reduced and froze Medicaid income eligibility standards for children and pregnant women whose eligibility is managed through the Denali KidCare (DKC) office. Prior to implementation of the 2003 legislation, Medicaid was available to children and pregnant women with incomes up to 200% of the prevailing Federal Poverty Guideline (FPG) for Alaska. Effective September 2003, the income standard

Prepared by: Sherry Hill, Special Assistant  
 Division: Office of the Commissioner  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-1618  
 Date/Time 04/04/2007  
 Date 04/04/2007

**STATE OF ALASKA  
2007 LEGISLATIVE SESSION**

**ANALYSIS CONTINUATION**

was set in statute at what was equivalent to 175% of the FPG for 2003. Currently, the effective income standard for women and children enrolled in these categories is about 154%, almost a 50 point drop in the income standard of August 2003. This bill restores the income eligibility standard for children and pregnant women to 175% of the prevailing FPG, effective June 30, 2007.

Between 2003 and 2006, the number of children enrolled in the affected income category dropped by 2,553 individuals and the number of pregnant women enrolled in the affected income category dropped by 436 individuals. This fiscal analysis assumes that the additional enrollment in SFY 2008 due to SB 4 will be equal to about half that number of people (218 pregnant women and 1277 children). We assume that most people eligible to enroll under the higher income standard will do so by the end of SFY 2008.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate allows for 5% medical inflation (Anchorage CPI, medical care component) and annual growth in the FPG. The proportion of enrollees that use services (participation) is expected to remain the same throughout the projection period.

Fund source calculations for each component are based on the percentages of costs reimbursed as IHS, Title XIX, Family Planning, or SCHIP in 2006 for the affected groups, and the federal medical assistance percentages (FMAPs) anticipated for the year projected. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) and costs for their Medicaid services would normally be matched at an enhanced rate. Because SCHIP funding is no longer enough to cover all of that program's expenses, the formula for

**STATE OF ALASKA  
2007 LEGISLATIVE SESSION**

**ANALYSIS CONTINUATION**

federal reimbursement was adjusted to allow only one quarter of SCHIP matching per year, with the remaining three quarters defaulting to the lower Title XIX rate.

The 2008 projection was calculated as the projected cost to reinstate half the number of enrollees dropped between 2003 and 2006. Cost to reinstate was inflated by 5% per year between 2006 and 2008 so that the cost to reinstate was in 2008 dollars. The 2009-2013 projections are based on the 2008 projection after implementation of SB 4, plus 8.6% annual growth. The expenditure for each division was determined based on that division's share of expenses for the affected eligibility subtypes in 2006. Behavioral Health Medicaid Services paid for 23.3% of the costs for affected children in SFY 2006. They paid for less than 0.1% of the costs for pregnant women affected by this legislation.

If half the number of people that lost Medicaid eligibility due to the 2003 legislation regain eligibility in 2008, Behavioral Health Medicaid Services might expect to pay Medicaid expenses for an additional 113 recipients.

FISCAL NOTE # 3 ATTACHMENT

BILL NO. CSSB 4(FIN) am

| <b>CS SB 4 (FIN) am</b>               |                   |                   |                   |                   |                  |                  |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
|                                       | <u>2008</u>       | <u>2009</u>       | <u>2010</u>       | <u>2011</u>       | <u>2012</u>      | <u>2013</u>      |
| <b><u>SENIOR BENEFIT PROGRAM</u></b>  |                   |                   |                   |                   |                  |                  |
| Caseload                              | 8,800             | 8,914             | 9,030             | 9,148             |                  |                  |
| Annual Benefit Cost                   | \$16,645.8        | \$16,862.2        | \$17,081.4        | \$17,305.5        |                  |                  |
| Estimated Administration Costs        | \$753.1           | \$683.1           | \$683.1           | \$683.1           |                  |                  |
| <b>Total Cost Senior Benefit Prgm</b> | <b>\$17,398.9</b> | <b>\$17,545.3</b> | <b>\$17,764.5</b> | <b>\$17,988.6</b> | <b>\$0.0</b>     | <b>\$0.0</b>     |
| <b><u>DENALI KID CARE</u></b>         |                   |                   |                   |                   |                  |                  |
| Additional Children Served            | 1277              | 1302              | 1328              | 1355              | 1382             | 1410             |
| Additional Pregnant Women Served      | 218               | 223               | 227               | 232               | 236              | 241              |
|                                       | 1495              | 1525              | 1555              | 1587              | 1618             | 1651             |
| Annual Medicaid program costs         | 2651.3            | 2879.3            | 3126.9            | 3395.9            | 3687.9           | 4005             |
| Annual Administrative Costs           | \$40.2            | \$76.0            | \$76.0            | \$76.0            | \$76.0           | \$76.0           |
| <b>Total Denali Kid Care Costs</b>    | <b>\$2,691.5</b>  | <b>\$2,955.3</b>  | <b>\$3,202.9</b>  | <b>\$3,471.9</b>  | <b>\$3,763.9</b> | <b>\$4,081.0</b> |
| Federal Share                         | \$1,907.4         | \$2,030.4         | \$2,189.9         | \$2,375.2         | \$2,576.4        | \$2,795.0        |
| General Fund Share                    | \$783.5           | \$923.8           | \$1,011.9         | \$1,095.6         | \$1,186.4        | \$1,284.9        |
| Inter/Agency Funds                    | 0.6               | 1.1               | 1.1               | 1.1               | 1.1              | 1.1              |
| <b>TOTAL COSTS OF CS SB 4 am</b>      | <b>\$20,090.4</b> | <b>\$20,500.6</b> | <b>\$20,967.4</b> | <b>\$21,460.5</b> | <b>\$3,763.9</b> | <b>\$4,081.0</b> |
| Gen Fund costs of CS SB 4 am          | <b>\$18,182.4</b> | <b>\$18,469.1</b> | <b>\$18,776.4</b> | <b>\$19,084.2</b> | <b>\$1,186.4</b> | <b>\$1,284.9</b> |

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: 4  
 Bill Version: CSSB 4(FIN) am  
 (S) Publish Date: 4/5/07  
 Dept. Affected: Health & Social Services  
 RDU: Health Care Services  
 Component: Medicaid Services

Revision Date/Time (Note if correction):  
 Title: RELATING TO SENIOR CARE

Sponsor: OLSON  
 Requester: SENATE (FIN)

Component No. 2077

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

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

| OPERATING EXPENDITURES | FY 2008        | FY 2009        | FY 2010        | FY 2011        | FY 2012        | FY 2013        |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Personal Services      |                |                |                |                |                |                |
| Travel                 |                |                |                |                |                |                |
| Contractual            |                |                |                |                |                |                |
| Supplies               |                |                |                |                |                |                |
| Equipment              |                |                |                |                |                |                |
| Land & Structures      |                |                |                |                |                |                |
| Grants & Claims        | 2,195.4        | 2,384.2        | 2,589.3        | 2,812.0        | 3,053.8        | 3,316.4        |
| Miscellaneous          |                |                |                |                |                |                |
| <b>TOTAL OPERATING</b> | <b>2,195.4</b> | <b>2,384.2</b> | <b>2,589.3</b> | <b>2,812.0</b> | <b>3,053.8</b> | <b>3,316.4</b> |

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

**FUND SOURCE** (Thousands of Dollars)

|                                       |                |                |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts                 | 1,577.6        | 1,667.8        | 1,801.5        | 1,956.4        | 2,124.6        | 2,307.4        |
| 1003 GF Match                         | 617.8          | 716.4          | 787.8          | 855.6          | 929.2          | 1,009.0        |
| 1004 GF                               |                |                |                |                |                |                |
| 1037 GF/Mental Health                 |                |                |                |                |                |                |
| Other(Specify Type-do not abbreviate) |                |                |                |                |                |                |
| Other(Specify Type-do not abbreviate) |                |                |                |                |                |                |
| <b>TOTAL</b>                          | <b>2,195.4</b> | <b>2,384.2</b> | <b>2,589.3</b> | <b>2,812.0</b> | <b>3,053.8</b> | <b>3,316.4</b> |

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

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

CS SB 4 (FIN) Am partially reverses the September 2003 legislation that reduced and froze Medicaid income eligibility standards for children and pregnant women whose eligibility is managed through the Denali KidCare (DKC) office. Prior to implementation of the 2003 legislation, Medicaid was available to children and pregnant women with incomes up to 200% of the prevailing Federal Poverty Guideline (FPG) for Alaska. Effective September 2003, the income (continued)

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**ANALYSIS CONTINUATION**

standard was set in statute at what was equivalent to 175% of the FPG for 2003. Currently, the effective income standard for women and children enrolled in these categories is about 154%, almost a 50 point drop from the income standard of August 2003. This bill restores the income eligibility standard for children and pregnant women to 175% of the prevailing FPG, effective June 30, 2007.

Between 2003 and 2006, the number of children enrolled in the affected income category dropped by 2,553 individuals and the number of pregnant women enrolled in the affected income category dropped by 436 individuals. This fiscal analysis assumes that the additional enrollment in SFY 2008 due to SB 4 will be equal to about half that number of people (218 pregnant women and 1277 children). We assume that most people eligible to enroll under the higher income standard will do so by the end of SFY 2008.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate allows for 5% medical inflation (Anchorage CPI, medical care component) and annual growth in the FPG. The proportion of enrollees that use services (participation) is expected to remain the same throughout the projection period.

Fund source calculations for each component are based on the percentages of costs reimbursed as IHS, Title XIX, Family Planning, or SCHIP in 2006 for the affected groups, and the federal medical assistance percentages (FMAPs) anticipated for the year projected. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) and costs for their Medicaid services would normally be matched at an enhanced rate. Because SCHIP funding is no longer enough to cover all of that program's expenses, the formula for (continued)

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**ANALYSIS CONTINUATION**

federal reimbursement was adjusted to allow only one quarter of SCHIP matching per year, with the remaining three quarters defaulting to the lower Title XIX rate.

The 2008 projection was calculated as the projected cost to reinstate half the number of enrollees dropped between 2003 and 2006. Cost to reinstate was inflated by 5% per year between 2006 and 2008 so that the cost to reinstate was in 2008 dollars. The 2009-2013 projections are based on the 2008 projection after implementation of SB 4, plus 8.6% annual growth. The expenditure for each division was determined based on that division's share of expenses for the affected eligibility subtypes in 2006. Health Care Services paid for 99.9% of the costs for affected pregnant women and 76.6% of the costs for affected children.

For each component , the recipient count represents the number of enrolled persons using Medicaid services managed by that component during the period. If half the number of people that lost Medicaid eligibility due to the 2003 legislation regain eligibility in 2008, Health Care Services might expect to pay Medicaid expenses for an additional 1,132 recipients.

FISCAL NOTE # 4 ATTACHMENT

BILL NO. CS88 4(FIN) am

| CS SB 4 (FIN) am                      |                   |                   |                   |                   |                  |                  |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
|                                       | 2008              | 2009              | 2010              | 2011              | 2012             | 2013             |
| <b>SENIOR BENEFIT PROGRAM</b>         |                   |                   |                   |                   |                  |                  |
| Caseload                              | 8,800             | 8,914             | 9,030             | 9,148             |                  |                  |
| Annual Benefit Cost                   | \$16,645.8        | \$16,862.2        | \$17,081.4        | \$17,305.5        |                  |                  |
| Estimated Administration Costs        | \$753.1           | \$683.1           | \$683.1           | \$683.1           |                  |                  |
| <b>Total Cost Senior Benefit Prgm</b> | <b>\$17,398.9</b> | <b>\$17,545.3</b> | <b>\$17,764.5</b> | <b>\$17,988.6</b> | <b>\$0.0</b>     | <b>\$0.0</b>     |
| <b>DENALI KID CARE</b>                |                   |                   |                   |                   |                  |                  |
| Additional Children Served            | 1277              | 1302              | 1328              | 1355              | 1382             | 1410             |
| Additional Pregnant Women Served      | 218               | 223               | 227               | 232               | 236              | 241              |
|                                       | 1495              | 1525              | 1555              | 1587              | 1618             | 1651             |
| Annual Medicaid program costs         | 2651.3            | 2879.3            | 3126.9            | 3395.9            | 3687.9           | 4005             |
| Annual Administrative Costs           | \$40.2            | \$76.0            | \$76.0            | \$76.0            | \$76.0           | \$76.0           |
| <b>Total Denali Kid Care Costs</b>    | <b>\$2,691.5</b>  | <b>\$2,955.3</b>  | <b>\$3,202.9</b>  | <b>\$3,471.9</b>  | <b>\$3,763.9</b> | <b>\$4,081.0</b> |
| Federal Share                         | \$1,907.4         | \$2,030.4         | \$2,189.9         | \$2,375.2         | \$2,576.4        | \$2,795.0        |
| General Fund Share                    | \$783.5           | \$923.8           | \$1,011.9         | \$1,095.6         | \$1,186.4        | \$1,284.9        |
| Inter/Agency Funds                    | 0.6               | 1.1               | 1.1               | 1.1               | 1.1              | 1.1              |
| <b>TOTAL COSTS OF CS SB 4 am</b>      | <b>\$20,090.4</b> | <b>\$20,500.6</b> | <b>\$20,967.4</b> | <b>\$21,460.5</b> | <b>\$3,763.9</b> | <b>\$4,081.0</b> |
| <b>Gen Fund costs of CS SB 4 am</b>   | <b>\$18,182.4</b> | <b>\$18,469.1</b> | <b>\$18,776.4</b> | <b>\$19,084.2</b> | <b>\$1,186.4</b> | <b>\$1,284.9</b> |

# FISCAL NOTE

**STATE OF ALASKA**  
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Fiscal Note Number: 5  
 Bill Version: CSSB 4(FIN) am  
 (S) Publish Date: 4/5/07  
 Dept. Affected: Health & Social Services  
 RDU: Public Assistance  
 Component: Public Assistance Field Svcs

Revision Date/Time (Note if correction):  
 Title: RELATING TO SENIOR CARE

Sponsor: OLSON  
 Requester: SENATE (FIN)

Component No. 236

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

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

| OPERATING EXPENDITURES | FY 2008     | FY 2009     | FY 2010     | FY 2011     | FY 2012     | FY 2013     |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Personal Services      | 33.6        | 67.2        | 67.2        | 67.2        | 67.2        | 67.2        |
| Travel                 |             |             |             |             |             |             |
| Contractual            | 4.4         | 8.8         | 8.8         | 8.8         | 8.8         | 8.8         |
| Supplies               | 2.2         |             |             |             |             |             |
| Equipment              |             |             |             |             |             |             |
| Land & Structures      |             |             |             |             |             |             |
| Grants & Claims        |             |             |             |             |             |             |
| Miscellaneous          |             |             |             |             |             |             |
| <b>TOTAL OPERATING</b> | <b>40.2</b> | <b>76.0</b> | <b>76.0</b> | <b>76.0</b> | <b>76.0</b> | <b>76.0</b> |

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

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

**FUND SOURCE** (Thousands of Dollars)

|                                       |             |             |             |             |             |             |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1002 Federal Receipts                 | 18.7        | 35.4        | 35.4        | 35.4        | 35.4        | 35.4        |
| 1003 GF Match                         | 16.5        | 31.1        | 31.1        | 31.1        | 31.1        | 31.1        |
| 1004 GF                               | 4.4         | 8.4         | 8.4         | 8.4         | 8.4         | 8.4         |
| 1037 GF/Mental Health                 |             |             |             |             |             |             |
| Other(Inter-Agency Receipts)          | 0.6         | 1.1         | 1.1         | 1.1         | 1.1         | 1.1         |
| Other(Specify Type-do not abbreviate) |             |             |             |             |             |             |
| <b>TOTAL</b>                          | <b>40.2</b> | <b>76.0</b> | <b>76.0</b> | <b>76.0</b> | <b>76.0</b> | <b>76.0</b> |

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

|           |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|
| Full-time | 1 | 1 | 1 | 1 | 1 | 1 |
| Part-time |   |   |   |   |   |   |
| Temporary |   |   |   |   |   |   |

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

CS SB 4 (FIN) Am changes AS 47.07.020(b) to reset the upper income limit for Denali KidCare (DKC) pregnant women and uninsured children under the Title XXI State Children's Health Insurance Program (SCHIP) to 175% of the prevailing federal poverty guideline (FPG) for Alaska. Currently, the qualifying income limit for these children and pregnant women is set in statute at 175% of the 2003 FPG (effectively, about 154% of the current FPG). This fiscal note represents the administrative costs for the eligibility determinations for medical assistance coverage for pregnant women and children.

The eligibility decision includes determining eligibility based on the household's size and monthly income at the time of application, acting on changes in a household's circumstances that are reported during the period of eligibility, and re-examining a household's eligibility every six months.

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**ANALYSIS CONTINUATION**

**Assumptions:**

We assume that 218 pregnant women and 1277 children will enroll in Medicaid if the qualifying income limit is revised to 175% FPG, and that implementation will begin January 1, 2008. We estimate one additional Eligibility Technician I (Range 14) position will be needed for six months to manage this additional work in FY 08. This position will be needed for 12 months in the following fiscal years.

**Total FY08 Administrative Costs:**

**Personal Services:** One Eligibility Technician I Range 14 at a cost of \$33.6, including benefits, for six months.

**Contractual:** for office space, phones, and supplies will be \$4,400 for six months.

**Additional Equipment/Supply:** A one time cost of \$2,200 for a desktop computer, software, printer, and work station will be needed for the new position.

**Total Administrative Costs FY09 through FY13**

**Personal Services:** One Eligibility Technician I Range 14 at a cost of \$67.2, including benefits, for 12 months.

**Contractual:** Annual costs for office space, phones, and supplies will be \$8,800.