

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2556

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After Recess  
9:45 a.m.

EDUCATION

Present at this time were Commissioner Lind and Deputy Commissioner Nat Cole of the Department of Education and other members of the Department of Education staff, State Board of Education, Department of Health and Social Services (the agencies in the Education category), and Budget and Management.

HSS

Education subcommittee chairman Saylor called the meeting back to order.

Special  
Education  
Grants

Dr. McCabe, Medical Specialist of the Family Health Section of the Department of Health and Social Services was present to testify on the budget for Special Education Grants. Dr. McCabe said that they are requesting this BRU be transferred to the Department of Education to improve articulation with other state educational programs. Mr. Saylor asked if this program is related to ARCA or ACCA and Dr. McCabe said not formally. Speaking of the requested transfer, Dr. McCabe said that when the budget was reviewed two or three years ago it was pointed out that Education would be a more appropriate Department for this program to be under, but since it was established by statute it will take legislative action to accomplish the transfer. HB 254 essentially transfers the activity to the Department of Education and repeals the statute putting it in Health and Social Services. Mr. Haugen asked Commissioner Lind if he feels it should be in Education, and he said yes. They have discussed this and he feels it should be in with the other special education programs under Education.

AMU  
Nursing

Dr. Effie Graham from the AMU Nursing program and Ms. Edna Crawford, Chief of Public Health Nursing, were present to testify on the AMU Nursing Program.

Dr. Graham said that their request is for maintenance of the nursing program with the addition of one faculty member. This member would be essentially a person who would travel around the state. This would enable them to give courses to registered nurses in other parts of the state.

Dr. Graham said that they are now up to complement, and they have achieved full accreditation from the Alaska Board of Nursing this last fall and graduated their first class last spring.

Mr. Saylor asked what the initial enrollment was, and Dr. Graham said that records show that in 1971 they had only 37. They graduated 15 last year. They will graduate 31 this year.

Mr. Saylor asked what their drop out rate is, and Dr. Graham said

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it has decreased a great deal. They had 10 withdrawals and 6 new admissions this year. Mr. Saylor asked about the number of people in the program and Dr. Graham said 121. Thirty one will graduate this spring, 2/3 of whom will be generic students and the rest, returning registered nurses. They have 33 seniors, 28 juniors, 33 sophomores, and 27 freshmen. These are full time students. They also have nine part-time students and in addition, do advising for some of the Anchorage Community College students.

Mrs. Crawford said that this BRU does include both support of the generic program and the continuing education program. \$145.1 thousand is support of the general baccalaureate; \$42.4 thousand is the support of the continuing education program under the Higher Education Consortium.

Mr. Warwick inquired about the state's position in the program. Dr. Graham explained that the state is paying for the cost of the program not covered by tuition. Cost of the program to AMU is \$445,000. Tuition income is \$258,000. The state is picking up the rest. Mr. Warwick asked how the tuition cost is set and Dr. Wright said that they pay the same amount as the other AMU students.

#### EDUCATION

#### Foundation Program

Going on next to the BRU's under the Department of Education, the committee began with the Foundation Program. Mr. Bob Isaac, Special Assistant, passed out tables representing statistical data from the districts on foundation program computation. [copy in department file]

Mr. Saylor asked what the four communities participating in the gifted child program are, and Commissioner Lind answered Cordova, Juneau, Anchorage, and Sitka (he was not entirely certain about Sitka).

Mr. Isaac said that preliminary computation of entitlement would indicate that \$81,870 million would be needed to support the program for the next fiscal year. Mr. Specking asked if that is at 90% and Mr. Isaac said no. This is taking into consideration all the various percentages the communities are entitled to.

Mr. Warwick asked why they are only asking for \$78 million if they need \$81.8 million. Mr. Isaac said that he suspects the reason the allowance is somewhat less is that over the course of the school year as these figures are revised there are some adjustments to be made and generally in the past they have been downward.

Mr. Saylor asked about the difference between ADM and ADA. It was explained that Average Daily Membership is the only figure the state Department of Education uses. Average Daily Attendance has been used in the past but is not currently being used in their data. It is used by the federal government in some of their programs. ADM

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counts all of the youngsters who attend school regularly and are not dropped for illness or missing school, while ADA does drop when there are absences. ADM counts a child until he or she is dropped from school - this is not true of ADA.

In response to questioning by Mr. Warwick, Mr. Cole said that their statistics have shown not only a leveling off in the high increase in ADM, but there is actually a negative occurring. Even though the department requested \$82 million, part of the data in the handout (dated 12/14/73) which Mr. Isaac had passed out they are relatively certain represents some cranking in of impact on the part of the districts. The Governor has a supplemental budget in to take care of the impact in which monies for the Foundation program are included. Actually, the impact will undoubtedly be greater than the districts have projected but the Department feels that should be part of the impact budget and not part of this one.

Mr. Warwick noted that the 74 amount was \$8 million over the 1973 figure -- and wondered about money lapsing this year. Mr. Cole said that they will probably lapse over \$1 million at the end of the year. Right now they are projecting a \$1/2 million lapse and they know that Anchorage is off in their ADM because of mid-year graduation.

Mr. Warwick said that he had heard that some of these programs are short-funded for this year, and Mr. Cole said yes, that debt service is one. Mr. Warwick asked if the Foundation lapse will be used for this. Mr. Cole said that that is a possibility, but that the decision must be made by the Governor. He noted that Pupil Transportation may be over funded for this year.

Mr. Warwick asked how much debt service is short-funded, and Mr. Cole said in the neighborhood of \$2 million. Between the Foundation program and Pupil Transportation, they may be a surplus of around \$1 1/2 million this year.

Mr. Warwick expressed concern because he thinks the Governor has submitted a purposefully deflated budget. He feels the budget is unrealistic. Mr. Cole said that he believes they will probably need around \$80 million disregarding impact. Dr. Wright said that there really has not been such a significant increase. The population has stabilized. There are more needs now for secondary than elementary schools, which is a recent reversal. Mr. Guthrie noted that elementary ADM's have decreased from 1970-71 at a rate of 2 to 3% each year and taking that into account, the Governor's budget may actually be high. Further supporting this, Mr. Guthrie noted that the FY75 budget is computed on the first quarter enrollments of FY74 and the first quarter enrollments are about 1.2% above the ADM at the end of the year.

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Pupil Transp.  
Public

Mr. Isaac said that Pupil Transportation should be adequate in the Department's opinion. There are some increases occurring which they have no "handle" on -- for instance, fuel. However, so far it looks like they will be able to handle these kinds of increases within the appropriation.

Dr. Wright asked if there is an identifiable inflationary trend in transportation - for instance, a yearly percentage increase. Mr. Isaac said that their contracts are three-year contracts, and so it would be hard to identify a yearly trend. Inflation is, obviously, occurring at a goodly rate. Mr. Cole said that it is probably around 12%, but he said that he thinks that 1/3 of the contracts, which will be coming up for renewal, will be going up 10 to 15%, due to the increased cost of gasoline and other commodities involved in transportation costs.

Mr. Guthrie asked if the Department has taken into account the legislative audit which was critical of Pupil Transportation, and Mr. Cole said it has and that there is \$100,000 in the budget that will be noted later which is to delve into this.

In response to questioning by Mr. Warwick, Mr. Cole said that everyone knows the prices of gasoline have gone up and he said that he doubts anyone would disagree with allowing a contractor whose contract is not presently up for renewal to request additional money if he can prove that he is losing money under his present contract.

Pupil Transp.  
Private

In Pupil Transportation/Private, Mr. Isaac said that most of the non-public transportation is so melded in with the rest that it is not identifiable. There are only a few instances of bus routes that are different. At the present time their expenditure is about \$90,000 for this. They can only project that there is a minor increase in non-public schools in the state so there will be an effect there, but mostly these are along regular bus routes.

Mr. Saylor wondered if it is possible to eliminate this BRU and pay the private transportation cost out of the \$6.9 million public. Mr. Isaac said possibly, but the department wants this BRU separately due to legislation pending.

Revenue  
Sharing

In Revenue Sharing, Mr. Isaac said that this is mainly 874. He said that the state appropriation seems to be adequate. The Dept. is paying close to 100% on claims. To whatever extent there will be increases, this item could jump substantially but it is difficult to project at this point. They have two new districts coming in, Selawik and possibly the Deltana Borough.

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Dr. Wright asked on what basis the districts claim money. Mr. Isaac said that they submit to the Department a record of parents living and/or working on state property and it works the same as the federal program. Dr. Wright asked if it is audited, and Mr. Isaac said that they do audit by checking cards against a specific location. Mr. Haugen requested a breakdown on where the money is going and Mr. Cole said that there is one on page 00133 of the red budget book.

Debt Ret.  
Local

In Debt Retirement/Local, Mr. Warwick noted that they are about \$2 million short this year so that brings the base up to \$6 million, and they are only asking \$6 million for next year. He wondered if that wouldn't make them short again next year. Mr. Cole said that their projections show that they will be short next year, about \$1 million roughly. Mr. Warwick asked if they can tell precisely what they will need in the coming year, and Mr. Cole said no, that although it is based on the two year's prior actual payments, estimates are difficult to get because in many cases collection of data from the the cities and boroughs is slow. They have just inaugurated a new way of gathering data earlier; this is the first year they have tried this.

Mr. Warwick asked if they will prorate the deficit, and Mr. Isaac said that they will if funds are not adequate.

Federal  
Programs

Mr. Isaac said that the Federal Programs are categorical federal aid funds. These include the Elementary and Secondary Act of 1965, the Educational Professional Development Act, the National Defense Education Act, Johnson O'Malley, titles of the Higher Education Facilities Act, National School Lunch Act, and Vocational and Education Act. In response to questioning by Mr. Warwick, Mr. Cole said that they will receive around \$8 million based on what they know for the current year. It is in the President's budget. Mr. Warwick asked if they have a breakdown of where the monies will go, and Mr. Cole said no. Mr. Warwick asked how it is determined. Mr. Cole said that Federal law determines where it will go. For instance, Title 1 is actually distributed by election district, so the State is told how much is available and then only has to subdivide the money to the school districts within each election district. It will be based on the 1970 census and the number of low income families (low income being \$2 or \$3 thousand annually).

Mr. Guthrie said that the federal government does come out with a list showing the amount of money coming to the state through the programs. Mr. Warwick asked if there is a schedule or list of communities and what they received this year, and Mr. Cole said yes, they will provide this to the committee. He said that the Title One allocations will be very similar to last year's except that it will be based on the 1970 census rather than the 1960.

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Mr. Haugen noted the decrease in Johnson O'Malley funds. He said that he understands the native regional corporations have been able to get these funds and wondered if that is the reasons the state wasn't.

Mr. Cole said that to a degree that is true. Any agency having a relationship to natives is eligible for Johnson O'Malley money. In the past, the Department of Education served as the umbrella agency for Johnson O'Malley. In the spring of 1973 the State Board of Education passed a resolution saying that in effect Education would not longer serve that function, but would have to apply for funds it wanted directly. The only funds the Department uses are for the Boarding Home Program. There is now a committee which reviews the applications for monies.

Out of District Students Mr. Isaac said that Out of District Students is a program for paying tuition costs for youngsters identified in some way as a state responsibility -- in detention, state hospitals and institutions, who need special programs outside the state or who are attending district schools but residing in state institutions. Mr. Cole noted that distribution of these funds is shown on page 00136 of the red budget book.

Tobacco Tax Dist. Going on to Tobacco Tax Distribution, Mr. Isaac said that this is based on the formula provided by Chapter 36 of the Rules and Regulations of the Department of Education, providing for a basic allotment of \$3,000 for each school district with the balance distributed on the basis of the number of students and professional staff in each district.

Mr. Cole noted that this is not the total amount of the tobacco tax - there is another formula that is used before this one to break out a percentage for SOS.

Financial Support In the Financial Support - Audit program, Mr. Cole noted that this is the \$100,000 referred to in the discussion on Pupil Transportation. Until this time, there has been virtually no audit of the various distribution formulas.

Food Svc. Nutr. Ed. Food Services and Nutrition Education is a program which, Mr. Isaac explained, was based on anticipated federal receipts which were never received since the enabling federal legislation was not enacted.

Arctic Slope School The BRU titled Arctic Slope School was not a continuing program -- status as a new district will end with the close of the current fiscal year and funding will be under general programs of the Foundation Program for the coming year.

Mr. Saylor asked if the Sabbatical Leave program is for SOS teachers,

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also, and Commissioner Lind said that it is for any teacher in the state. He said that it is the department's position that this be funded on a needs basis. That is, that if there are any specific needs in the state -- for instance, special education, a sabbatical would be awarded to prepare someone to fill that need. He further stated that the department does not feel this should necessarily be for full year programs, but for shorter term workshops, seminars, etc.

Mr. Warwick asked about Senate Bill 122, which the Finance Committee just passed out of committee in an amended form, and he wondered what the residual costs will be as far as on base operation goes. Commissioner Lind said that initially, for this fiscal year, they do not see any additional administrative cost. If there is any change it would probably only be in Anchorage.

Admin. & Supt. Mr. Cole said that Administration and Support covers basically the internal operations of the Department relative to administering the Foundation Program, budget and accounting, administration of federal aid to education programs, certification of teachers, and other internal support operations. The Governor's Allowance is a one position decrease from the Department request.

Mr. Haugen noted that if they have the salary increase, the budget will increase substantially. Mr. Cole said that there is no salary increase projected into this particular request. Whatever salary increase is finally arrived at will have to be arrive at separately.

The Contractual Services decrease from the Maintenance level relates to the fact that the Department had anticipated paying all its own lights and water and has since found that it will not be, so the level is reduced.

In Field Service, Mr. Warwick asked if the \$200,000 appropriated for contractual services for this current fiscal year has been expended. Mr. Cole said that \$228,000 actually has not been expended. It was Johnson O'Malley money that they had used in prior years and had projected for -- but the money did not materialize. Mr. Warwick asked if it had materialized, what would it have been used for. Mr. Cole said probably for contracts with school districts having boarding home students or for special programs.

Ed. Program Support Going on to Educational Program Support, Mr. Jeff Jeffers, Director of that division, said that this division is responsible for general supervision, advisory and consultative services to all public school governing bodies and personnel; development of a minimum course of study for all public schools; accrediting those public, private and denominational schools which meet established accreditation standards; cooperating with the Department of Health and Social Services in exercising general supervision over public and private pre-elementary

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schools and over the educational component of nurseries as defined in AS 47.35.080; exercising general supervision over teacher in-service programs as defined in AS 14.03.030; providing general supervision and approval of programs for the education of exceptional children and vocational education. Mr. Jeffers said that they do not anticipate adding any personnel. The figures have changed some due to reorganization. They will be including in this BRU three people who had prior association with Vocational Education.

Looking at the subelements, Mr. Jeffers said that in Learner Assistance there is no increase in personnel. There is a \$114,300 general fund increase due to anticipated loss of federal funds, and a \$39,100 increase due to loss of Interagency Receipts.

Mr. Warwick said that he was unclear as to the function of Learner Assistance. Mr. Cole said that this subunit primarily is used to enable the department to carry out its responsibilities under Title 14. There are general supervisory responsibilities for school operations, specific statutory responsibilities relative to certification, pre-school education programs, in-service training, and such.

Mr. Warwick said that he still did not understand the need for the program. Mr. Cole said that they work with the school districts in two capacities. One is the general supervisory situation, setting rules and regulations and seeing that they are adhered to; the other is providing expertise in various areas of education to the districts.

Under Federal Program Administration, Mr. Jeffers noted that they have instituted a talent bank in order that there not be too many people on the payroll and yet the expertise needed in education is still made available on special assignment. They feel that this approach is a very positive and reasonable one and increases their flexibility considerably.

Mr. Warwick was concerned that there is really no way for the legislature to evaluate how much money they need in this BRU. He felt that the purposes and functions are so nebulous that there is no way they can get a handle on it. Commissioner Lind agreed that it is difficult to nail down considering the wide range of objectives for the Education Support Program. The Commissioner said that the talent bank portion of the request is actually very small. They are talking in terms of about \$50,000 in one sub-element and \$10,000 in the other. He said that he doesn't think the committee will find that there is an increase or request for additional full time people on top of the talent bank request. There is a request to maintain the level that they have. They feel that their services have been by in large adequate in certain areas but there are these certain other areas for which they have not been able to deliver quality service -- the talent bank should enable them to do that.

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Mr. Cole passed out a list of questions on the Educational Programs Support BRU [copy in department file]. Questions two and three relate to federal funds lost and gained from FY74 to FY75. He explained that there are a different group of programs funded each year. Dr. Wright expressed the feeling that the specific programs should be split out so the legislature could take a look and decide which they think are and which they think are not good programs.

Mr. Warwick asked what the various federal titles cover. Mr. Cole said that Title I is Disadvantaged students under certain definitions; Title II is Libraries; Title III is Innovative Programs; Title VI is Handicapped

There was considerable discussion on the titles and on the various funded federal programs. After much questioning, Mr. Cole stated that the programs are funded on a yearly basis, and so although there are programs funded last year that will not be funded this year, there are new programs being funded for this year. They are not necessarily intended to be ongoing federal grants.

Mr. Warwick felt it still looks like the state now has to come up with the money for programs that had been federally funded, and Mr. Cole said that, actually, the state does have to come up with money for some of what the federal government was covering -- but that actually, this is for matters that were a state responsibility before and should not have been paid for by the federal government.

Committee recessed at 12:15 p.m.

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HOUSE FINANCE COMMITTEE

March 16, 1974

1:30 P.M.

PRESENT

Representatives Haugen, Saylor, and Warwick. Representative Wilson was also in attendance. Dr. Marshall Lind, Commissioner of Education, and Dr. Nathaniel Cole, Deputy Commissioner of Education, were present along with most of their Division and Section heads.

EDUCATION

Mr. Saylor, Chairman of the Sub-Committee on Education, called the meeting back to order, and said they would begin with discussion of Executive Administration, Office of the Commissioner. (Page 51-52 of the budget short form.)

Executive  
Adminis-  
tration

Mr. Warwick asked about the Equal Employment Opportunity Officer. He said he had seen a few of these throughout the University's budget, and wondered what it was.

Commissioner Lind said they had requested that position, but it had not been put in by the Governor's Review Committee. He said this was an area of concern to many State agencies and that it was going to be an area of greater concern to some in the near future. Mr. Lind explained there was a lot of involvement on the part of the federal government with reference to equal employment opportunities in the area of minority hire and other discriminatory aspects of the State. He said that the Department of Education was one of the first in the State to be given outside review because they are recipients of federal grants. Dr. Lind said this was an area that got into the Personnel System and the tests that were given.

Dr. Lind said that \$18,400 was requested for this position. He then added that the Department of Administration, Division of Personnel was looking at it from a Statewide basis and finding discrepancies within the System itself.

Mr. Warwick noted that their request for the position stated it was necessary to comply with Federal Equal Employment Opportunity Regulations. He said the Governor must not have thought so.

Dr. Lind said that was because their concerns were housed within the Division of Personnel, Department of Administration, and looking at it on a Statewide basis.

Mr. Warwick asked for an explanation of field testing of customized test instruments.

Dr. Lind explained that one of the most significant things in Education is periodic testing. He said they were concerned with trying to get an assessment in reading and math. Typically, when there is a

statewide assessment program, the results are up, as far as value, to the learner and the teacher. He said they propose to develop a form of criteria reference testing for 7,000-8,000 youngsters. This material would be keyed to particular text books, workbooks, or whatever materials are used. The run-out with discrepancies or particular learning skills would prescribe for the teacher to meet the needs. Dr. Lind said it would take several years before they have the test instrument to the point where it will speak to the needs we have throughout the State.

Mr. Saylor asked if there would be a continuing appropriation of \$200,000 each year for this. Dr. Lind replied it probably would be about that much annually. He said if they looked at that amount of money in comparison to the \$100 million that is being spent for education, it is a very small percentage.

Mr. Warwick asked what schools or districts this would apply to, and Dr. Lind said it would apply to every one of them.

Mr. Warwick asked how it would be made available. Dr. Lind said that once the test package itself was developed it would be administered annually as a State program, the results of which would be available to teachers in every school district.

Dr. Lind added that Alaska should do this program before it was superimposed on the federal level.

Mr. Warwick asked if this had been a Revised Program through Budget and Audit. Dr. Lind said yes, the program was funded under Title IV, Civil Rights.

Dr. Wright asked if the Legislature hadn't funded some \$700,000 in supplemental appropriation for FY 74. Dr. Lind said no, they cut it out.

It appeared to Dr. Wright that the average district has about 50-80% of the kids doing well. He said these districts were using special education money now, and now they would be getting another \$200,000 annually for testing. He said he couldn't agree with that, and he didn't think that putting more dollars into the bureaucracy would help.

Dr. Lind said he would like to offer a suggestion: this year, as a result of working to develop this package, they have involved about 12 different school districts and 40-50 teachers. He said the success of any program was directly related to in-service training for teachers to use the data that comes out. He ventured to say that the teachers involved represented a good cross sample of teachers on a day to day basis, and he said the results were essentially positive, and they were very much in support of this kind of effort. He said the Department of Education felt very strongly about this effort.

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He added that the State Board went on record in 1972 as advocating this type of testing program as opposed to mandatory norm testing. Dr. Lind said they had to have a way of knowing what was happening throughout the State. They really think they are headed down the right road. He said they felt they had been successful in their pilot project.

Mr. Warwick asked about the \$10,000 for Talent Bank Support. He thought he remembered bits and pieces of that in other sections. Dr. Lind explained that the \$10,000 here was for administration. It was to pay travel and per diem for a superintendent to go to another community to set up a school program. He pointed out that Selawick had just voted to go 1st Class. He said there were other places just about to go 3rd class borough. That means they will be taking over their own schools.

P.T.P.C.

Mr. Saylor said they would go on to speak about the Professional Teaching Practices Commission (page 55-56 of the budget short form).

Commissioner Lind introduced Mr. Bob Lintott, the Executive Secretary of the PTPC.

Mr. Lintott said that at the present time the Commissioner is operating with no clerical support and no office. He said they were established by statute with relation to the PTP Act and were responsible for policing the professional standards. By statute, they were to establish procedures and adopt rules to implement the purposes of the Act; conduct investigations and hearings on alleged violations of ethical or professional teaching performance, contractual obligations and professional teaching misconduct; review the regulations of the Department of Education as they relate to teacher certification and to recommend necessary changes; review the decisions of the Department of Education regarding the issuance or denial of certificates, and in its discretion, recommend reversal of decisions; hire a staff person to carry out the responsibilities for the Commission.

Mr. Lintott said that recent experience indicated involvement would be greater next year, and he emphasized the need for the entire \$65,000 they had requested. He said that \$45,000 came from sale of educator's licenses and certificates.

At this time Mr. Lintott passed out copies of a memorandum which had been sent to the Committee earlier from the Alaska State Professional Teaching Practices Commission regarding the work, responsibilities and budget of the P.T.P.C.

Mr. Lintott asked the Committee to note that with the staff limited to one man, they were unable to meet all of the demands.

Mr. Warwick asked whether they had held hearings in Fairbanks recently. Mr. Lintott said no, but one was scheduled on the coming Thursday on the new handbook, which was the newly revised code of educators on the admission procedure and hearings procedure Act.

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Mr. Warwick asked if he had a secretary now, and Mr. Lintott said no, that he was doing everything. Currently the office is in the study of his house.

Mr. Warwick asked if they had appropriated for this, and Mr. Lintott said that there had been an P which provided for allocation of receipts from sale of Teacher's certificates.

Mr. Warwick noted that the budget document indicated two positions. Mr. Lintott said it wasn't correct, and he didn't know where that data came from. He said the Governor's BRC suggested that a part-time clerical staff person be provided. However, he said if last summer's experience was any indication of the demand, it wouldn't be sufficient to handle the load.

Dr. Lind said the Department's request was for \$65,000, and they felt that in order for the Commission to function adequately, they should have at least that much.

Mr. Rich Guthrie, Fiscal Analyst, asked why they had decided not to raise the fees. Dr. Lind said that since they had just raised the fees last year to get the receipts up to \$45,000, it didn't appear to be right at this time to immediately launch into another fee increase. He added that there was a possibility they would do that, but not in the immediate future.

Domiciliary Services Mr. Saylor said they would go on to discuss Domiciliary Services (page 57-58 of the short form).

Dr. Lind introduced Mr. Bill Thomson, Director of Boarding Programs and Construction.

Mr. Thomson said they were talking about 750-800 student for 1975. He said they were maintaining the three dormitories on a stand-by status until an alternate use could be found.

Mr. Thomson told them to go back to last summer and the action taken by the Johnson-O'Malley Committee which tells the Bureau of Indian Affairs how JOM funds should be spent in the State. At the beginning of the fiscal year they refused to fund the Boarding Home Dormitory Program as set out in the proposal, so Education came back with a revised proposal to fund the Board Program only, which resulted in the closure of the dormitories. JOM also served notice they would not pay stipend payments and travel for students after this year. The GBRC has said that if those funds are not forthcoming the State General Fund would pay it. Mr. Thomson said they had put a proposal in for the program anyway, but had been told in advance that they would not consider the proposal.

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Mr. Thomson explained that the Johnson O'Malley Act says the funds are not to be used to supplant, but to supplement basic programs. So far the Johnson O'Malley Review Committee is an advisory Board, but the BIA supports their recommendation.

Mr. Haugen knew that JOM money was supposed to be used for Indian Education Programs, and that only Indian youngsters qualified. He asked how the money was being used.

Mr. Thomson said that the only dorm currently being used was at Bethel and it was not funded as a dormitory program per se. After JOM agreed to fund the program this year, Education contracted with the regional Native Association for operation of the Boarding Program. It is done on a Boarding Home payment basis. They are using those funds to operate the dorm.

Mr. Warwick asked whether the Boarding Home Program and the Dormitory Program were synonymous.

[Mr. Freeman arrived at this time.]

Mr. Thomson explained that Boarding Homes were individual homes. Presently, they are having good success in Boarding Homes at a cost of about \$2100 or \$2200 per student. Dorms have a high cost and a high casualty rate--about 36%. The cost per student is \$3500 at Kodiak and \$5500 at Nome. He said that when they lose a student and have a high fixed cost, they have to add about 1/3 again. He said they can't justify the program for institutional living at those prices.

Mr. Warwick asked who would pay for the Boarding Home Program in FY 75. Mr. Lind replied the Department request was for General Fund. The Governor's BRC changed it to federal funds with a note saying if they couldn't get federal funds, General Fund would be substituted.

Mr. Thomson said that JOM funds this current year statewide are \$4.6 million. JOM funds to the Department of Education are \$2,330,000 and the remainder are distributed to Districts, Native Communities & private organizations, for operation of Native culture programs.

Mr. Warwick felt that the Natives had requested that the JOM money not be spent on the program, but on other programs instead, because they knew the State would pick up this program.

Mr. Thomson explained they considered the travel and stipend programs to be part of basic education, and that JOM funds were supposed to be used only to supplement basic education.

Mr. Saylor asked if these 700-800 students were also eligible for foundation support, and Mr. Cole said yes.

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Dr. Lind said it depended on where they attended school. If they go to Anchorage, they are eligible for Foundation Support funds plus tuition.

Dr. Lind said the average per student cost was \$1604 per student plus \$2200. He said they were spending more when the dorms were in operation.

Mr. Saylor asked what would happen if they were to disapprove the whole BRU and throw \$1 million into Correspondence. Dr. Lind said he would not recommend it at this point in time as an immediate solution because it couldn't be pulled off and done to satisfy a comparable level of education.

Dr. Lind said they had some catching up to do with reference to the unorganized borough in the rural areas. They have taken the position that youngsters who come from a predominately BIA Area will be taken care of as far as education is concerned. This has not happened on the secondary level. He said they were trying to get programs as close to the home as possible. They do have the responsibility to provide education to the youngster and it should be within his district. The Boarding Home Program is the only alternative they have at this time.

Mr. Saylor noticed there was \$154,000 for operation of the Nome and Kodiak schools on a standby basis. He wondered whether anything was being paid for use of those schools. Commissioner Lind replied that the dorms were not being used presently. He added that the dormitories were part of an overall agreement. The federal government had built them and turned them over to the State.

Mr. Thomson pointed out that Kodiak was in the process of turning over the dorm complex to the Borough under a use permit. They are using the staff quarters to operate a staff program for the Kodiak Borough. They are planning to use the cafeteria and dormitory portion for office space for the City School District, and also to house community college students and whatever other uses they can make of it. He explained this has happened since the budget process, and they are paying insurance and all operating costs.

Mr. Saylor asked if that meant the budget could be reduced by \$154,000. Mr. Thomson said no because they are still paying for heat and maintenance.

Mr. Haugen asked whether these Kodiak Island Borough students were paying anything to the District Schools. Mr. Lind said contributions were made for them through any kind of tax assessment levied borough wide.

Dr. Wright asked how many kids were in the Boarding Home Program in

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Kodiak. Mr. Thomson said there were 14 boarding students there. Dr. Wright asked what the State was contributing per student. Mr. Thomson said the statewide average was \$2200 per student for 9 months of the year. For Kodiak, they are paying \$175 a month. The \$175 is reimbursed to the Native Association that provides supervision for those students.

Dr. Wright asked how many of these boarding students lived in an attendance zone. He said that this year they audited last year and found that 200 of the kids really lived in an attendance area. Mr. Thomson replied that was true. However, there were a number of problems. One is the number of schools and their capacity at the present time. A second problem is the number of boarding homes. For example, Nenana has lots of room in its school, but there are no boarding homes so they can't place kids from nearby there. In the case of Bethel region, they have 400 youngsters within that region, and they can only service 300 of them. The other 100 has to go somewhere else.

Dr. Wright asked whether SOS said all of those kids in an attendance area were not mandated to go there.

Mr. Thomson said that those kids which were not eligible for the Boarding Program were picked out of this budget. He said there were 800 secondary kids that go to BIA schools.

Mr. Thomson added that in the Governor's allowance, approximately 50 kids were non-Native, so if they do get JOM funds, the State would still need to use its own funds for those 50 kids.

Mr. Haugen asked about the Bethel dormitory, and Dr. Lind said that the responsibility for the dormitory still rested with Education as far as administration of it. He said the dorm is run by the local Native Association under contract with Education. That is the extent of the Department's involvement.

Correspon-  
dence  
Study

Mr. Saylor said they would go on to discuss Correspondence Study (page 65-66 of the short form).

Dr. Lind introduced Mrs. Margaret Justice, Director of the Division.

Mrs. Justice asked for questions from the Committee.

Mr. Saylor inquired about the number of students expected for elementary classes. Mrs. Justice said that enrollment for this year at District elementary is 258. SOS has 312 enrolled to date. Since last July, they have had over 800 students including transfers in and out. The year before that they only had 700 students.

Mr. Warwick asked whether they got foundation money for correspondence students, and Mrs. Justice said they did.

Mr. Warwick asked whether independent school districts had correspon-

dence students. Mrs. Justice said that two years ago, Kenai began an alternative education program to satisfy parents dissatisfied with regular schools. They allow youngsters who may live across the street to withdraw and be taught at home by mother or tutor. She said they had over 87 elementary correspondence students in the Kenai area. She said that Anchorage began the same program, and expects about 17-18 kids out of the Anchorage area.

Mr. Warwick asked whether this was advisable. Dr. Lind said there were some unique circumstances and concerns that many of the parents have with reference to the school system. He said that if the State approved a program, and they wished to opt for an alternative approach and the Department said they couldn't have that option, and forced them to keep their children within the normal school situation, they are certain to have problems. He said that fortunately the traditional and regular programs are satisfactory to the majority of the people but they want to have alternatives.

Mr. Warwick wondered how they maintained standards with individual tutoring. Mrs. Justice said that research done over a period of 20 years shows that correspondence students achieve higher levels than the student in the regular school system.

Mr. Warwick wondered how they rated socially. Mrs. Justice admitted that was an area that needed to be improved. One of the ways she has suggested to use the additional money for foundation support was to bring these youngsters in for peer groupings once or twice a month. She thought this might be done for gym classes or arts and crafts.

Mr. Haugen asked about the attendance factor. Mrs. Justice said that when a student is enrolled in correspondence courses, the District doesn't lose that attendance factor.

Mrs. Justice said that on the enrollment form there are questions as to why they want to enroll in correspondence. The answers are usually moral ones, or they don't think their child is learning what he should be.

Mr. Saylor said he would like information as to where the students are located, and Mrs. Justice said she would get that information for him.

Mr. Wilson noted there was a big jump in contractual services. Mrs. Justice said that was because there wasn't enough leadership in the past. She explained that their curriculum was about 10 years old and in some areas, they are to the point where they have to xerox workbooks because they are out of print. In order to bring the curriculum up to date, they need people. She said the Governor had asked for a restriction on hire, so in order to get professional experienced people to write these, they had to put it into contractual services.

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Mrs. Justice felt that village students should be given options as to how they want to be educated, and correspondence study should be included. She believed that with the right amount of money, they could structure programs geared to Native youngsters.

Dr. Cole said they could probably move to that point two years from now. The point was that it couldn't be done by July 1.

Mr. Rich Guthrie said that people he has talked to, expressly JOM, are very strongly opposed to this.

ARTTC

Mr. Saylor said they would go on to discuss the Alaska Rural Teacher Training Corps (page 67-68 of the short form).

Dr. Lind said that that went with the Education budget, but was not one of the BRU's they were prepared to discuss. Mr. Guthrie said he could contact those people to come down next week. The Committee agreed to that.

Student  
Financial  
Aid

Mr. Saylor said they would go on to discuss Student Financial Aid (page 69-76 of the short form).

Dr. Lind introduced Mr. Jack Carruthers, Director of the Division.

Mr. Carruthers said that the increase in money for scholarship loans went from \$2.9 million to \$3.3 million due to an increase in tuition costs. For the same amount of money, they funded 100 fewer students this year than last year. He anticipated they would fund the same number of students next year for a slightly greater amount.

Mr. Carruthers said that in 1973 the Tuition Grant Program was funded at 840,000, and they only used \$740,000. This year it was funded for \$1 million, and it looks like they will only use \$800,000 of it. He thought it might be possible to take \$50,000 out of Tuition Grants and add it to Student Loans. This would still allow \$100,000 for growth of the Program.

Mr. Warwick asked what it would take to fund the program in its entirety. Mr. Carruthers said between \$4 million and \$4.3 million.

Mr. Carruthers said that, according to the nationwide statistics of only 50% of the students graduating, at best only 50% of the people taking out the loans would be eligible for the 40% forgiveness.

Dr. Wright, putting together the figures on students not returning to the state and not completing their degrees, figured that the percentage of students eligible for the 40% forgiveness was probably around 15%.

Mr. Haugen expressed concern over the draw on the General Fund caused by these loans with no interest paid. Mr. Carruthers said that there

is interest paid, but only after graduation or dropping out of school, not while a student is in school. Mr. Haugen felt that interest should be accumulating for the full term of the loan.

Mr. Warwick questioned the validity of the 50% drop-out figure in figuring what percentage of students might be eligible for the loan forgiveness, because he felt that many students applying would be those who had used up their reserves and were serious about completing their education, and so were borrowing, and thus the drop-out rate would be lower. Mr. Carruthers said that actually he has noticed two general patterns developing. One is, indeed, this kind of student. The other is the student who borrows for the first year or two and then finds other sources--for example, college loans or scholarships or better paying jobs--and so does not reapply for State loan money.

Mr. Haugen asked how much default there is in this program. Mr. Carruthers said that it is hard to say at this time. They did have a problem with the three earlier years of the loan program. He said that he had just returned from a workshop of college business managers which dealt with loans, and he said that the methods the colleges use and the federal government uses in their loan programs differ considerably. The federal government attempts to contact a person, going up to three addresses, and then considers them default. The colleges do not give up so readily, and continue their attempts to contact these loan participants and do not write them off as default until after five years. They have found that, once having completed school and gotten into the work field, most of these students will then begin paying back their loans. This is the path he recommends that the State follow. It does imply more follow-up work on the loans, however

Going on to Tuition Grants, Mr. Warwick asked Mr. Carruthers if he feels the \$950,000 will be sufficient. Mr. Carruthers said that they will have used only about \$800,000 this year, which is an increase of \$60,000 over last year, so he feels that an additional \$100,000 for next year should take care of it.

The next BRU is Administration of Student Financial Aid. Mr. Carruthers said he thinks the reason they cut out the second position he had requested was that they looked at the number of people actually repaying loans and measured need in terms of that, whereas actually, the workload is considerably greater. He said that there are about 2,000 folders to be maintained, and it is recommended that all persons be contacted twice a year.

Mr. Haugen wanted to know how much money was loaned in this program, and how much money was lost in interest earned the State in having this program on the books.

Mr. Carruthers replied that about \$28 million has been loaned. He said a revolving fund works only in a static situation. If there is a growing population, they never get more than 30-40% from the students.

Post Secondary and Adult Education

Mr. Saylors said they would go on to discuss Post Secondary and Adult Education.

Dr. Lind introduced Mr. Gerald Hiley, Acting Director of this Division.

Mr. Hiley said this BRU was a compilation of various components. There has been a change from previous years as a result of reorganization of the Department of Education. The programs that were previously under the Division of Vocational and Adult Education BRU were split into a secondary section and an adult section. This BRU only accounts for the adult section of the FY 74 budget. One component of the Vocational Education Budget from FY 74 that is being considered separately is the Youth Employment Service Program. Also, this budget combines other BRU's from FY 74 that are a part of the total Vocational Education Unit. These BRU's are Adult Basic Education, Fire Service Training and Community College.

Mr. Hiley said that Adult Basic Education is a service for adults who have not completed high school. The component administers all high school equivalency diplomas (GED) in the State. He added that ABE is the main section of this budget. He said they have established programs serving the adult population in 60 to 70 communities.

Mr. Hiley pointed out that it has been shown that students with parents who are more educated achieve a higher level of education. They are trying to get more and more adults at these higher education levels.

Mr. Saylors noticed that they have cited minimum federal funding as \$75,000 and maximum as \$135,000. He asked if it was likely they would be getting the full amount. Mr. Hiley didn't believe so. He thought if more likely they would get the lower figure. He said that this year they didn't receive near the amount they had originally anticipated.

Mr. Warwick asked if there wasn't an SOS program that did the same thing, and he asked if it wouldn't be better if they were under the same person. Dr. Lind agreed with Mr. Warwick that they should both be under the same program.

Mr. Warwick asked about incorporation of useful parts of the VISTA program. Mr. Hiley explained this was a volunteer program sponsored by the Federal government which provided basically the same type of program. They are now cooperating with ABE.

Mr. Warwick asked where the programs were located. Mr. Hiley said they were located primarily in the villages.

Mr. Warwick asked who received the \$600,000. Mr. Hiley said that most of it went to the Village Councils.

Mr. Warwick asked whether the villages or councils applied for the money, and Mr. Hiley said they did.

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Mr. Guthrie asked for the total number of people estimated to have less than an 8th grade education, and the number of people estimated to have less than a 12th grade education.

Dr. Lind said he would provide that. He added that they would be surprised at the large portion of the State that has less than a 4th grade education, and those less than an 8th grade one. He pointed out that this program was one of the top priorities of the State Board. It is their feeling this is one of the best investments the Department can be making.

Mr. Haugen asked who paid the overhead for the VISTA workers. Dr. Lind said the federal government bore VISTA costs. They pay a stipend of so much a month.

Mr. Saylor referred to the Fire Service Training (page 81-82 of the short form). Mr. Hiley explained that this program was operated by two individuals. They provide technical training assistance to both volunteer and paid groups throughout the State, and to rural villages as well. They provide instruction on how to operate fire extinguishers, etc. He said in the Southwest area it is funded through the Village Councils. He added that it is one of the most successful programs they have going, and it is very well received, particularly in the Bush area.

Dr. Wright thought it might be simplified if they went through various education agencies.

They went on to discuss Community College Support (page 83-84 of the short form).

Mr. Saylor noticed that the Governor had cut their budget for this BRU from \$1,350.0 to \$1,150.0. Mr. Hiley said that from their standpoint, that had been a bad move.

Mr. Guthrie explained that what the University was doing was taking vocational courses were formerly non-credit courses and making them Associate Degree Programs. Many of these programs are going to be picked up by the University system, so what is cut from this BRU shows up in the University budget.

They continued on to the Adult Vocational Education program (page 85-86 of the short form).

Mr. Warwick asked how this was different from the preceding page. Mr. Hiley said this particular budget was a result of the Vocational Education Act which specifies a certain amount of money must be used in the Adult Education area. He said this area covers different programs than the Community College does.

Mr. Warwick noted that the Governor had disallowed \$59.9 in General Fund Matching. Mr. Hiley stated that money was needed in order to match the federal money.

Dr. Cole said there were sufficient funds in the Community College area to match in other areas. He said they were moving the match requirement to the local level.

Mr. Saylor referred them to the Youth Employment Services section (page 87-88 of the short form). He noted that the budget went from \$60.0 to \$130.0.

Mr. Hiley said the program was designed to provide job referral & placement services to Alaskan youths in school or immediately out of school. Last year they served those up to age 25.

Mr. Warwick asked who got the money, and Mr. Hiley said that this year they have 6 Youth Employment Centers, and in FY 75 they plan to have 11 of them. Staff is hired to make contacts and take applications from students.

Mr. Hiley said that in FY 74 they took applications on 3700 people and referred 2800 to jobs.

#### Museums

At this time they went on to discuss Museums. Dr. Lind introduced Mr. Kennedy, the Director of the Division, and he in turn introduced Mr. Allan Monroe and Mr. Dan Munro. (Page 91-92 of the short form)

Mr. Kennedy said some good things had come out of the hearings, mainly relating to security, and were programed into this budget.

Mr. Kennedy said that personal service changes are mandatory in order to operate at maintenance level in FY 1975. Contractual and commodities changes are required to meet projected increases of 22.5% (above).

in order to reach maintenance level in 1975 it is necessary to fund the personal service changes requested in this budget. This results from the fact that demands and needs for increased service in 1974 were met through the addition of personal services. The majority of these services were obtained through Federal funding which will not be useable in 1975 because of federal regulations. The need for additional contractual funds results from the need for additional personal services in the areas of temporary exhibits and educational service. The need for additional funds in commodities results from increased production in the maintenance, construction, and upgrading of permanent exhibits. Changes in contractual items and commodities are required to meet the projected 22.5% increase in visitation and participation in Museum educational programs during 1975.

Mr. Kennedy said they would notice that they are requesting less than what they have currently. They are requesting \$306.4 which is a reduction from the current \$325.7.

A.M.E. Mr. Kennedy pointed out that the Alaska Multimedia Education program had been cut down drastically because for the first time there are no JOM funds. He wanted to explain that. He said he was not only

talking about \$50,000 in federal funding that they had counted on, but that they had been receiving ever since the program to encourage education in the bush area had been started, and they had assumed they would get it as long as there were JOM funds. He said they felt it had been a quality program. He said that even the Native Review Board, when they met in June, had said everything looked great. Three months later, they had decided not to fund it.

Mr. Kennedy said they had already expended \$10,000 of their operating budget when they found out they were going to be short \$40,000 of federal funding which they had been expecting.

He added that they had been bailed out by the fact that the Anchorage Transportation Museum burned because they got the insurance money. He said they had to borrow money from that program to keep the rest of their programs.

It was pointed out that it had been the intent of the Legislature to transfer the Transportation Museum to the City and Borough of Anchorage in FY 74. Mr. Kennedy stated that the City & Borough of Anchorage hadn't been interested. He said that his people had met with the Governor who said it was a good program which should be continued, so they attempted to get funds.

Mr. Saylor thought that if they just cut the Transportation Museum out, they would get \$100,000 worth of insurance.

Mr. Kennedy said no, that the bulk of that was for the building. He added they were just in the process of getting back for the contents of the building--\$34,000. They have already had to borrow against most of that.

Mr. Freeman asked how many years they had been getting \$50,000 for the Multimedia Education program, and Mr. Kennedy thought it had been 4 years.

Mr. Freeman asked the reason it had been cut out. Mr. Kennedy said they didn't tell them any reason really. Mr. Kennedy guessed that when they investigated the immediate program, they found it didn't employ any Natives. He added that this wasn't told to them directly.

Mr. Kennedy went on to say it was a totally Native oriented program.

Mr. Freeman said that if the Native people didn't feel it was worth \$50,000, what justification would the State have for spending \$356,000 worth of General Fund money to do this.

Mr. Kennedy thought that the people who knew about the program were very concerned, and many Native people were going to the BIA and the Review Board. Mr. Kennedy thought the program had been hurt because of a backlash. The Native people resented other things about education in the State.

Dr. Wright wondered why the budget went down and the personnel went up. Mr. Kennedy said they were picking up two people that they got through federal funds previously. They had been told they weren't going to them that way, so they had brought them into the operating budget. These were the two people for security. The other change is Mr. Dan Munro who had been under contractual.

Dr. Wright asked how many people were on board from all sources, and Mr. Kennedy said 12.

Mr. Warwick asked what the \$24,000 was part of, and Mr. Guthrie told him it was part of the Travel Exhibits funding which was not received.

Juneau  
Museum

They went on to discuss the Juneau Museum (page 93-94 of the short form).

Mr. Warwick noticed that contractual services went from \$51.6 to \$22.9 for maintenance. Mr. Kennedy said that was due to the reduction of federal funds for the A.M.E. Program, which was in a sense non-operative.

Mr. Saylor asked whether the FY 75 contractual services would be funding a position. Mr. Dan Munro said no.

Dr. Wright said if they took out his salary, they still couldn't fund 13 people. Mr. Kennedy explained they had two people in the past year which were federally funded. Both are considered half time, so they will be picked up as one full-time person.

Dr. Wright asked to be supplied with a list of all the people and their salaries for this year and last year.

Mr. Kennedy said that in the past they have been understaffed in the area of the State museum as far as classifying and cataloging the over 10,000 items.

Mr. Freeman asked whether any RP's had been approved in the last year. Mr. Kennedy said no.

Mr. Freeman asked where they got the authorization to add three people. Mr. Kennedy said they were under WIN and PEP until July 1.

Transportation  
Museum

They went on to the Transportation Museum (page 95-96 of the short form).

Mr. Warwick didn't think they needed the money. Mr. Kennedy said they couldn't stop an on-going program. He said they salvaged 80% of their collections. He said they had an office which had been functioning since a week after the fire. They are in the process of salvaging. They know that with sufficient talent and time they can salvage as much as 80% of the collection, however it is a long, slow process.

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Mr. Kennedy said he hoped the State would transfer the \$34,000 for insurance into their budget.

He said that \$600,000 was requested for building and site acquisition. They are in the process of planning a new museum.

State  
Library

At this time they went on to the State Library BRU (page 97-98 of the short form).

Mr. Dick Engen, Director of the State Library, was present to testify.

Mr. Engen was sure they knew what the State Library did. It served as an information source, and they worked with libraries throughout the State. They serve as a local library service, and also have a statewide plan so they can get materials to wherever it is desired.

He said that one of the things apparent is that this library is continuing to produce more and more work without the adequate increase in staff they desperately need. He said the library was open 57 hours a week without the increase to operate it, and it was hard to spread the people around to the Saturday hours.

Mr. Engen pointed out that they would be moving into the new building during the next fiscal year which would give them adequate space. However, it has been built in a way so that there are three separate areas to be served by the library. This causes problems in staffing. They have requested 5 positions, two permanent 1/2 time clerical and a librarian II for legislative reference and research.

Mr. Warwick noticed they were having problems with federal funds. He asked how certain the \$100,000 was. Mr. Engen said they might get it. He said they have attempted to utilize federal funds that are available for library development activities.

Mr. Engen said there was a \$1.9 increase in the total budget, which he was sure they realized couldn't begin to meet the cost of living increase.

Dr. Wright asked how much of the increase in work was due to the legislative session. Mr. Engen said if he was talking about more people coming in, it was probably a 25% increase. He said they got a lot of requests from legislators and committees.

Dr. Wright wondered whether, if they didn't have the legislative interference, they would still need the additional personnel. Mr. Engen said that if the Legislature didn't come in at all, that might give the staff a chance to catch up with their cataloging work and acquisition material.

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Mr. Guthrie asked whether the reduction in federal funds was based on the President's budget. Mr. Engen said the President had backed off on trying to knock off all federal funds. He has indicated that a minimum amount would be included in the budget. That is what the \$100,000 is related to, and they are hopeful they will get this.

Dr. Lind told the Committee that Mrs. Hearly, from the State Board, was present, and would like to say a few words.

State  
Board

Mrs. Hearly said she wanted to say that the State Board was made up of lay people throughout the State who were very concerned about how much education is costing. They are also concerned when they look at the budget that there is very little they can do about it because of the Foundation Program. The Board feels that maybe if there was some way of testing and assessing what is being done, dollars could be certain to go to the right places. They hope that the appropriation will continue to be made for that assessment. They are also concerned about the Museum problem and feel that kids in the villages and the rest of the State as well would do very well to learn about Alaskan history... She didn't think they were getting it across to the kids what it means to be a part of our State.

RECESS

Meeting recessed at 5:00 P.M.

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After Recess  
3:00 p.m.

Present: All members were present with the exception of Representatives Barber, Meekins and Specking. Also present from the University of Alaska were Dr. Moyer, head of Planning and Institutional Study, Mr. Dick Holden, Director of Facilities Planning, Executive Vice-President Don Defoe, Morgan DeBoer, Lobbyist for the United Students of Anchorage, Susan Wellings, student reporter from the Fairbanks campus, Frank Murphy from the All Alaska Weekly, and Mary Beth Hilburn, Coordinator of the Drug Abuse Office.

EDUCATION  
UNIVERSITY  
OF ALASKA

Chairman Freeman called the meeting back to order. Dr. Moyer of the University of Alaska was present at this time.

Dr. Moyer mentioned the rapid growth of classes in the Anchorage system, and said that although he thinks the high schools should continue to accommodate many of the programs, there is a need for some additional University facilities, also. He said that even though they continue to use the high school, the University has an obligation to continue trying to develop the Anchorage campus.

Dr. Moyer noted that the Board of Regents did not see fit to recommend additional buildings for community colleges in either the Mat-su or the Kenai Community College. He mentioned that there has been considerable growth in Kodiak, Kenai and Mat-su colleges. (for example - last year's enrollment in Kodiak was 1500; this year's was 2200; next year's projected is 2500)

They are requesting GO bonds for an Occupations Building in Juneau. This would be for \$900,000.

Enrollment at the Juneau-Douglas Community College increased 14% this year. The Southeast Senior College, also at Auke Lake, increased 45% this year and they anticipate a 25% increase next

year. This has raised the question of land acquisition around the Auke Lake campus. He said that they really should have 25 additional acres to develop long range. They anticipate eventually 3,000 full time equivalent students and he said that it is time to face up to land needs. There is purchaseable land around the campus (another 50 acres) and \$400,000 in GO bonds is requested for this land acquisition.

There is a \$250,000 request for roads, streets and parking at the Juneau campus. This is presently quite a problem.

There is a \$1,000,000 request for the second phase of the downtown campus - the Adult Education Center - for 10,000 square feet of

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classrooms, offices, labs, and conference rooms. Presently the Adult Education Center is meeting in a small church building which they are going to have to give up. They have acquired a site in the urban renewal area, however, across from the federal building. The programs in this center will have to do with capital employees - political science, secretarial skills, etcetera.

Dr. Moyer said that in Ketchikan they are requesting \$600,000 for building expansion. This is for an addition to their present shop facilities at the Community College.

They are requesting \$700,000 for phase II of the Community College program in Sitka. This will be added to the \$300,000 available from the 1972 bond issue to construct a 10,000 g.s.f. Community College facility. The site is being worked out in relationship to Sheldon Jackson Junior College.

[Mr. Specking entered the meeting at this time.]

Dr. Moyer said that they figure site selection will be completed in two weeks. Some of the first \$300,000 will have to be used for land acquisition.

The Northern Region, Dr. Moyer noted, is primarily made up of Fairbanks, although it also includes the Nome Extension Office.

The Fairbanks requests are largely to upgrade the current facilities. \$150,000 is for Life Safety modifications to the Physical Plant Building, consisting of closing and fireproofing ceilings, installation of a sprinkler system and second fire hydrant.

There is a \$175,000 request for addition of two fire exits from the gymnasium in the Patty Building. This is required by the Safety Code. This amount is also to correct the hazardous condition of the front steps.

There is \$200,000 for a Utilities Monitoring System (this is also requested for Anchorage). This is to install stop-start controls on existing ventilation and steam systems, plus security and fire alarm systems in all the campus structures. Mr. Holden said that they are getting life cycle costing of buildings set up.

There is \$250,000 for completing the fire alarm system. This means upgrading the existing system to comply with safety codes in corridors, stairs, janitor's closets, storerooms, etcetera. Mr. Holden noted that none of these costs relate to the new OSHA regulations, which will further increase needs.

\$750,000 is for enlarging the food facility, remodeling and expanding the central food preparation area, adding storage space,

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and enlarging the dining room capacity for more efficient and economical operation.

This relates to several problems. The museum presently is housed in a very old building that is a fire hazard, according to the fire marshal. The collection housed in the museum is an outstanding one, and there is much concern for its being in the facility it is. They have requested a museum building, but they are aware that the state at this time would have difficulty funding that at this state of its finances. Therefore, they are proposing that the lower commons be developed into a museum to hold the collection, the funding for which is in SB284, and the \$750,000 GO bonds be used to enlarge the food preparation area, etcetera, as noted above, shifting the food service and eliminating the dining hall.

There is \$850,000 for remodeling of the Bunnell Building to improve Schaible Hall lighting and acoustics.

There is \$100,000 for addition to the Patty Building, \$300,000 for upgrading of five dormitories, and \$1,000,000 for constructing an addition to the physical plant building to house chemical storage, warehouse, and maintenance shop.

There is \$250,000 for fine arts remodeling in the library building. Dr. Moyer said that the University was successful in its litigation against the architect of that building and got an \$888,000 settlement.

Mr. Haugen asked if the Marine Sciences Center is on the Fairbanks campus and Dr. Moyer said yes.

Mr. Holden said that the \$350,000 for the East Entrance Road Improvements relates to the Highways Department master plan for the area around the campus. If the money for this does not come through they will not comply with Highways requirements and will be unable to use the East entrance.

At the Nome Extension Center, they are requesting \$80,000 for site improvement. This is to clear existing debris from the site of the Extension Center, to grade, fill and plant the grounds, construct walks and service roads, and purchase academic furniture and equipment. They have found that the cost of construction is high and there is not enough money in the initial project funding to cover all this.

There is \$225,000 in for the completion of the Gruening Building in Fairbanks. There was a major problem here in getting the building constructed. There was a two-year delay and additional delay due to arbitration on that. Resulting judgment of the arbitration was that

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the state paid the architect \$26,000, \$20,000 of which they had to anyway. Mr. Warwick asked what about the \$1,000 a day penalty the contractor was supposed to come up with, and Mr. Holden said that the state did not get that. There was some discussion on arbitration versus litigation as means of settling problems with contractors and Mr. Holden indicated that it was preferable for the state to go to court.

After some continued general discussion on capital projects, Mr. Warwick asked Dr. Moyer if the University had a list of priorities for these projects. Dr. Moyer said that they are listed in the Capital Improvements book by priority, but Mr. Warwick said that was only priorities by region -- he would like a list of the University's priorities overall. Dr. Moyer said that they would try to develop this for the committee.

Dr. Wright proposed to Dr. Moyer that the University might like to consider a similar system to the utility monitoring system for classrooms - i.e., what is needed per how many students, utilization of buildings, and such. He thought if there was some kind of system they could more easily anticipate what needs would be in some kind of realistic relationship to projected enrollments. Dr. Moyer said that he would like to study that idea.

Discussion then followed on the paving of Mallard Lane. Mr. Holden stated that they were successful in setting up a task force with the Highways Department and City and Borough. He said the City had said that they would try to improve Providence Avenue if the University would improve Mallard Lane on its own. The total project will cost \$600,000 and the University must pay 40%. At the present time they have no response from the agencies along that road.

Referring to the land acquisition, Anchorage Community College, Mr. Holden said that 15 acres will be traded. He added that the Public Health Services wants that land to build a Native hospital.

Regarding Anchorage Community College roof replacement, Mr. Holden said that in this case it is difficult to tell if the roof damage is caused by the original design or the contractor's failure to follow specifications. The roofs began leaking in 1971; they were inadequately repaired at that time.

Rep. Saylor asked why student housing in Anchorage had been continually put off until this time. Mr. Holden said that various people "keep moving it down the list of priorities". In 1973 there was a request for student housing which would accommodate 400. This request is identical and is convertible for married or single students. Dr. Moyer stated that the University has always encouraged private developers to build low-cost student housing; the cost of land, however, does not make this feasible.

Discussion then followed on Dairy Research Equipment in Palmer. This will allow the purchase and installation of two large and 4 small feed tower silos with automated loading and unloading equipment at the Matanuska Valley Farm and the construction and equipping of a heated calf barn adjacent to the cow barn. Mr. Holden told the Committee that at present, the calves were born in a milking shed.

Mr. Holden said that beef growers are pushing for a beef research center at Kodiak.

Rep. Saylor noted that there seems to be a discrepancy in items falling under the operating budget and capital improvements. He asked how these categories are determined. Mr. Moyer said that the Governor's Office decided where the items should go. In the University's original request, they had asked that the fire and garbage trucks come from direct appropriation.

Mr. Holden added that the present fire truck is "ready to go at any time". Regarding the garbage truck, the University cannot contract with any firm in Fairbanks; the City is the only service in the area, and the city will not service the University.

Mr. Holden then remarked that the University produces water at \$0.35 per gallon; the city would charge \$1.05 per gallon. The same situation exists for other services such as snow removal, etc.

Rep. Warwick then noted that with the parking situation in Anchorage, the University is spending \$500,000 to park 300 cars; another plan is to spend \$3 million to park 600 cars. He then asked if it might not be advisable to open up other areas of parking. Dr. Moyer said they are, in fact, opening up additional parking, and that will require access roads. Rep. Warwick said that it would be cheaper to open up other areas rather than authorize revenue bonds for 600 spaces. He said he cannot visualize enough students making amortization of bonds feasible.

Dr. Moyer pointed out that there is a problem of parking away from the campus and then having to walk the remainder of the way to your destination. Dr. Moyer said that they had completed a study of what it would cost to put a reasonable transit system in around the campus; nine buses are needed; the cost of amortization would be \$360,000 per year.

Rep. Ferguson expressed concern over the absence of projects for Northwest Alaska. Dr. Moyer stated that the request of setting up a community college (in Dillingham or Kotzebue) must come from the school district; the Board of Regents at the University does not. Dr. Dafoe stated that although this Six-Year Capital Improvements Plan is now being considered, it does not mean that revisions cannot be made. This is a projection for the moment only. Kotzebue and Dillingham will come into this project before next fall.

At Ease: There being no further discussion, the Committee called for an "at ease" at 4:05 p.m.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

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HOUSE/SENATE FINANCE COMMITTEES

March 19, 1974

9:00 a.m.

Present: Representatives Freeman, Warwick, Haugen, Saylor, Specking, Ose and Ferguson. Senators Sackett, Butrovich and Poland.

From the University of Alaska, Dr. Don Moyer, Don DaFoe, and Dick Hogan; and Myrt Charney, Budget & Management, were also present.

U of A  
Bonds

Representative Freeman called the meeting to order and said the committees would consider the bond package for the University of Alaska.

Dr. Don Moyer stated that the G.O. Bond package being recommended by the University of Alaska is \$29.2 million.

Dr. Moyer stated for 1973-74 they have a 7% increase in terms of student credit hours. They are presently predicting an increase of 26,000 credit hours for 1974-75. Dr. Moyer said that in looking at the capital improvements for the next two years they used state projections as published by the State Planning Office and population estimates by the Department of Labor to make their projections.

Dr. Moyer listed the following proposed capital improvement projects for FY 1975:

Agricultural Research Center - Kodiak; 500.0.

Agricultural Research Center - Homer; \$300.0.

Dr. Moyer explained that Phase II includes a horticulture research building, slaughter house, fencing and road improvements. In answer to Representative Specking, Dr. Moyer stated that Phase I provided site clearing, access road, and a basic barn for corals.

Senator T. Miller entered the meeting.

Dairy Research Equipment - Palmer - \$150.0.

Dairy Research Construction - Palmer - \$250.0.

Dr. Moyer explained this will construct and equip a 3,500 sq. ft. enclosed and heated calf barn.

C.N.E.R. & I.S.E.G.R. Construction - Fairbanks - \$50.0.

This is \$50.0 to complete the 7th and 8th floors of the Gruening Building to provide additional office space for the Center for Northern Educational Research and the Institute of Social, Economic, and Governmental Research.

Institute of Arctic Biology - Fairbanks - \$10.0.

Equipment Purchase - Geophysical Institute - \$33.0.

South-  
central

Classroom & Lab Building - U.A.A. - \$2,400.0.

Dr. Wright asked how many classrooms were involved. Dr. Moyer stated that this program can be quite flexible. This will be determined by the number of laboratories that will be established. Dr. Wright said that they would assume there would be 6 to 8 classrooms and the rest laboratory space. He asked how much it would cost to provide laboratory facilities in the building now under construction at the Sr. College. Dr. Moyer stated that the building under construction does have some lab facilities but they did not feel it would fulfill the need. Dr. Wright suggested that it would be more proper to hold off on a new building until after the study on the Anchorage and Fairbanks campuses is complete. Dr. Moyer answered that the University feels they "have to stay ahead of the needs." He added that this proposed building is flexible and can serve many different purposes.

Dr. Wright said that according to his mathematical projections there will not be a "classroom crunch until about 1980 at the Sr. College and 1978 at the Community College." He said on top of this they are proposing an addition. Dr. Wright stated that the University was not merely keeping on top they were "galloping." Dr. Moyer pointed out that it was not this simple -- it was not possible to use every classroom and every lab for every hour in the day. Dr. Moyer stated that there is also a problem of faculty offices and special labs and this space can be developed into a number of different uses.

Campus Center Complex - U.A.A. - \$9,500.0.

This project is to construct and equip Phase I of the physical education facility on the U.A.A. campus. Two students -- Morgan Reid and Bob Woodward -- spoke on the need for this complex. They stated that their athletic program now involves using high schools in constant rotation for their practice. They felt it would be very desirable to have this facility.

Maintenance Building - U.A.A. - \$1,500.0.

Dr. Moyer said they felt this project is well over due because of the physical plant development in the Anchorage area.

Science Lab Remodeling - A.C.C. - \$475.0.

Senator T. Miller left the meeting.

Lab Equipment - A.C.C. - \$475.0.

Vocational-Tech Lab Equipment - A.C.C. - \$100.0.

Cuddy Bldg. Expansion - A.C.C. - \$300.0.

Theatre & Performing Arts Equipment - U.A.A. - \$300.0.

Library Books, Instructional Materials - U.A.A. - \$275.0.

Dr. Moyer stated that the Regents feel strongly that this is a high priority.

Utilities System Extensions - U.A.A. - \$500.0.

Utilities Monitoring System - U.A.A. - \$200.0.

Providence Avenue Improvements - U.A.A. - \$270.0.

Dr. Moyer said that the City of Anchorage has been behind work on Providence Avenue. This will provide funds to widen Providence Avenue.

Scoter Circle Improvements - U.A.A. - \$500.0.

Dr. Moyer stated that the condition of Scoter Circle is bad. This will provide funds to pave the road and add parking for 300 cars.

Mallard Lane & A.C.C. Street Improvements - \$800.0.

This will provide for the paving of Mallard Lane and the paving of roads within the Anchorage Community College campus.

Land Acquisition - A.C.C. - \$100.0.

Dr. Moyer said they hope to have a three-way trade (City of Anchorage, Native Health organization and A.C.C.) to obtain 20 acres of land (North of Mallard Lane).

Site Improvements & Equipment - Bethel - \$80.0.

Roof Replacement - A.C.C. - \$180.0.

Dr. Moyer explained that the Anchorage Community College's roofing has not held up. They have explored ways to recover this from the builders and architects but have been unsuccessful. In answer to Representative Saylor, Mr. Hogan indicated these buildings are 5 years old.

Campus Student Center - U.A.A. - \$6,000.0.

Dr. Moyer stated that they hope to build a student center with the student fees paying for the debt service. He added that the operation of the building would probably come from the University's budget. Morgan Reid stated that this is their "prime interest." He said there are nearly 8,000 students enrolled and once a university gets to be this size they feel it is time for an activity center.

In answer to Dr. Wright, Mr. Reid said this is the number one priority as far as the students are concerned.

Mr. Reid referred to Dr. Wright's comments on classrooms at the Community College. Mr. Reid stated that at night these classrooms are full.

Total Energy Utilities System - U.A.A. - \$1,500.0.

Mr. Dick Hogan explained that they had proposed two years ago to the City of Anchorage that the University put on campus several gas fire turbines. He stated that the City is prepared to manage such a system provided the University can sell revenue bonds. During the amortization of the bonds the savings would be about 8%. When the revenue bonds are sold they anticipate a savings of about 25%. Mr. Hogan stated that they are putting in a grant application to HUD and hope to be one of the pilot projects. They hope to get as much federal money as possible. Representative Specking asked if they had reached a long term contract on the supply of gas. Mr. Hogan said they have had a series of conversations with Anchorage Natural Gas and they do not see any problem in the next 20 years in supplying the University with gas. He added that there is a 10 inch natural gas line that runs right through the campus.

Parking Structure - A.C.C. - \$3,000.0.

Dr. Moyer stated that they have parking problems at A.C.C. They have looked into the possibility of remote parking areas (with people being bussed in). He said they are facing the inevitable -- they have to go to parking structures. Dr. Moyer said they need authorization to get into the business of revenue parking.

Dr. Wright asked about the parking policy at the main campus at Fairbanks. Dr. Moyer said they had a fee of \$50 for reserved parking (per semester). There was a lot of controversy and this has since been reduced. There was a brief discussion and the meeting recessed at 9:55 a.m.

Recess:

arrangements with local governments. It does say that the road must be maintained. It certainly should not be turned over in dilapidated condition. She said that the immediate influence on the bill was part of the Glacier Highway after the Outer Drive is completed.

Commissioner Campbell said that there has been no plan to turn that road over to the Borough. Rep. Banfield said that there will be houses needing an access road, and it will be that part of Glacier Highway. Mr. Specking said that that sounds like a local problem but this bill deals with the entire state. He said that he could not be satisfied with the language in the bill.

Mr. Warwick noted that there are funds in the Highways budget for maintaining the old Juneau road, so it does not look as if they are anticipating transfer. Mrs. Banfield said that whether or not they are going to turn over that particular road, she felt that it makes good sense to have provisions on the books for transferring roads.

HB 683 HOUSE BILL 683 (Relating to improvement of Alaska Statutes) was brought up for discussion. Mr. Orsini was present to testify.

Mr. Orsini, sponsor of the bill, noted that Alaska is a young state and as such does not yet have the problem that some of the older states have of having antiquated laws on its books. The purpose of HB 683 is to see to it that this doesn't begin to happen. The bill provides for systematic revision of the statutes by the legislative affairs agency, to be completed every 10 years. The committee appeared to be in agreement with this type of program, but the feeling was expressed that once every 10 years was too long. Mr. Orsini noted that the director of Legislative Affairs stated that they could accomplish this revision at no additional cost to the Agency. However, should their task be to accomplish this every year, they might not have the staff to do this and so Mr. Orsini said he would discuss that possibility with Mr. Elliott. There was some question as to whether or not this was duplication of the job of the Revisor of Statutes and Mr. Orsini said no. Mr. Haugen said that the one thing he would like to see changed in the bill besides the 10 year provision is that recommendations be made to the legislature rather than to legislative council as the bill now states.

Committee decided to have Mr. Orsini check with Legislative Affairs and then report back to the committee.

EDUCATION Dr. Defoe was present to present the WICHE budget. He passed out  
OFFICE OF pamphlets briefing the WICHE program (see department file).  
GOVERNOR

WICHE Dr. Defoe explained that the WICHE program provides support for Alaska students attending other schools in the western region in certain professional areas not available at schools in the state.

3/20/74

There are 43 students in the WICHE program in the current year.

Dr. Defoe stated that they have not previously had an administrative budget but that this year they are requesting a limited one. They have requested \$1200 for three meetings of the Commissioner and an additional \$1800 to be matched two ways -- \$1800 from WICHE and \$1800 federal monies. This is to make a survey of past WICHE students. This would be done over the interim.

Dr. Defoe continued, stating that the cutoff date for applications wasn't until December 15 and between budget submission and the 15th there were 33 additional applications. There is a letter from the Governor because of this requesting an additional \$20,000, so the total Governor's Allowance is \$334,000.

Meeting recessed at 9:20 a.m.

3/20/74

Soc

SVC

AFTER RECESS  
March 18, 1974  
Monday  
1:35 p.m.

Present: All members with the exception of Representatives Meekins, Ferguson, and Barber. Also present were the following: Milt Barker, House Fiscal Analyst; Dr. John Yankey, Health and Social Services consultant to the Finance Committees; Dr. Josh Wright, Legislative Consultant to the Finance Committees.

From the Department of Administration, Division of Budget and Management: Myrt Charney, Director; Mike Orelove, Budget Analyst.

From the Department of Health and Social Services: Dr. Fred McGinnis, Commissioner; Jim McClain, Deputy Commissioner; V. L. Iverson, Director of Administrative Services; Mr. Stan Harris, Director of Family & Children Services; Mr. Roy Pagenkopf, Director of Assistance Payments; Mr. Mailer, Director, Social Services.

Other interested observers were also present.

SOCIAL  
SERVICES

Chairman Freeman called the meeting to order and turned the meeting over to Rep. Warwick, Chairman of the Health and Social Services budget subcommittee.

Rep. Warwick called upon Commissioner McGinnis to present an opening statement to the Committee. (See departmental budget file for copy of written statement.) The Commissioner told the Committee that in the Social Services budget, the department had attempted to subject each program to close scrutiny which will provide maximum benefits for minimal state dollars.

Quality  
Control  
and  
 Collec-  
tions

Referring to a new Budget Request Unit in the Social Services budget entitled "Quality Control and Collections", Commissioner McGinnis said copies of the revised budget which will include this new program will be distributed to the House Finance Committee later in the day. The new BRU is constructed by taking current positions with their functions and dollars, and by prioritizing and taking some requested new positions from various BRU's.

Representative Haugen then asked Commissioner McGinnis if the department is asking for any increases which were not included in the budget as a result of any outside legislation. Commissioner McGinnis replied that all increases referred to in his opening statement were anticipated in the Governor's budget.

Mr. Stan Harris, Director, Family & Children Services, then presented a brief statement to the Committee. He stated that the Division of Family and Children Services is broken down into two sections: Social Services and Assistance Payments. The entire division administered approximately \$50,000,000 per year in those two sections. The sectional separation is mandated by federal law.

Mr. Harris told the members that from an administrative viewpoint, the division must have sufficient permanent full-time position; because of too many temporary employees, the division's "error rate" has been high, and training temporaries results in inadequate knowledgability of staff due to the turnover rate.

Mr. Harris then said that another major concern in this year's budget is to raise the AFDC level of legal maximum payments to recipients.

ASSISTANCE  
PAYMENTS

Mr. Harris then turned over the department's presentation to Mr. Ron Pagenkopf, Director of Assistance Payments, who will explain this portion of the budget to the Committee.

OAA  
AD  
AB

Mr. Pagenkopf told the Committee that it is quite difficult to arrive at what the cost of the programs will be, particularly under the Aid to the Blind and Aid to the Disabled; changes are being made daily as regulations are interpreted from the federal level. All changes seem to have an impact on these cases.

Mr. Pagenkopf said that Old Age Assistance, Aid to the Blind and Aid to the Disabled fell under Adult Public Assistance-- Alaska's former system. The former program of Adult Public Assistance was a joint federal-state grant system under Title XVI of the Social Security Act. The state set a needs standard of \$250 and then made an assistance payment of the difference between \$250 and the individual's income. The assistance payment was a 50/50 match.

The former program ended on January 1, 1974 as the SSI (Supplemental Security Income) program commenced. The SSI program sets an income floor (\$140) and if there is no other income resource, the SSI provides for the basic federal payments. If the recipient has other income, the federal payment will be the difference between the amount of income and the basic federal income (with \$20 disregarded). If the individual's monthly income is over \$140, the individual is not eligible for the SSI payment.

In 1970, the State of Alaska established a \$250 maximum "needs standard". This is the amount an individual will need to live in Alaska. An individual who has a monthly income of (for example) \$160 would not be eligible for SSI, so the state will provide \$90 to the recipient to raise the individual to the \$250 need standard. If the individual does not have an income, the state will provide the required amount to bring the total

(\$140 SSI basic income level and \$110 State share) to the \$250 State needs standard.

The Social Security Administration regulations no longer require the inclusion of the \$100 per month Alaska Longevity Bonus payment in the minimum income level. The federal law, however, says the \$100 will be counted as income when supplemental security benefits are calculated. A waiver was authorized through December 31, 1973, which excluded the Alaska Longevity Bonus payments as income. This was repealed 1/1/74. Then PL 93-233 passed (on 1/3/74), which extended the "Demonstration Project" for another year, making it possible for Alaska to apply for the Longevity Bonus waiver. It is anticipated that this waiver will be granted on or before 4/1/74. If the waiver is not approved again, a larger portion of the payment to Alaska Longevity Bonus Old Age Assistance recipients must come from State funds in order to preserve the Bonus provisions and to meet federal mandates. Under Supplemental Security Income, the grant for each OAA recipient who also receives the Longevity Bonus will then cost the State \$100 more than for an OAA recipient who does not receive the Longevity Bonus unless the demonstration project waiver is reinstated.

At the present time, federal regulations provide that a single person who on 12/31/73, received \$250 OAA and \$100 Longevity Bonus is eligible for SSI and is eligible for Medicaid benefits.

Mr. Pagenkopf stated that there is no longer any federal matching money for Aid to Blind and Disabled. The federal government sends a check directly to the recipient rather than having any payment go through the state.

Rep. Saylor asked if the federal dollars directed to the recipient are in the same amount of money as previously. Mr. Pagenkopf replied that the federal dollars were the same. He said there are two different programs: the grandfather cases and the new cases after 1/1/74 where the state can do anything it wants.

AFDC Mr. Pagenkopf explained that in AFDC the present program is designed to take care of needy children who are deprived of parental support (in instances of divorce, incarceration, death, etc.). The state has a legal maximum ranging from \$125 for parent and child under 5 years of age up to \$600 or more depending on the family composition. The new program will put the payments and need standard at the same level based on income poverty guidelines.

Rep. Saylor asked what the state would have to do to adopt federal standards for eligibility. Mr. Pagenkopf stated that there is a provision in the disability statute where a federal definition could be inserted. He said that the federal definition would be less considering the experienced 30% denial rate. Under Aid to Disabled, this would mean 30% of \$2.5 million.

Rep. Saylor then asked if there is any differentiation between the federal and state definitions on AFDC. Mr. Pagenkopf replied that there is none.

Brief discussion followed on the "30 and 1/3" concept, which must meet other factors of eligibility.

Rep. Saylor then asked Dr. Yankey to review SB 310 (relating to aid to families with dependent children).

Mr. Pagenkopf stated that as long as people are eligible with assistance payments of at least \$1, they are eligible for Medicaid. Dr. Yankey stated that many states have a program where the husband and father may be unemployed and will thus qualify as a "deprivation factor" (while still remaining in the home) and thus allow the mother qualification under the AFDC. Dr. Yankey said this is quite different from the program now in the state where the husband and father cannot be in the home before the family will qualify for AFDC; the advantage to the other type of program is that it prevents desertion of the father who will leave the family in order for the family to qualify. He added that the State of Alaska may not wish to move in this direction with the pipeline construction situation. Commissioner McGinnis added that it would also present a problem with many unemployed Natives.

Under Old Age Assistance, Rep. Saylor asked on what basis the Governor established \$899,800 as the total amount for the BRU. Mr. Pagenkopf said it was done on the basis that the Longevity Bonus would be waived for income purposes.

Mr. Barker stated that the Governor had taken out too much money when figuring the Longevity Bonus might be disregarded.

Rep. Warwick then asked what the department's best estimate was for its fiscal needs under OAA for the next fiscal year. Mr. Pagenkopf said that it is difficult to know at this point, but if all contingent aspects developed in their favor, the least amount they would need for OAA alone would be \$899,800.

Commissioner McGinnis told the Committee that the department would provide a profile on the basis of \$899,800 by showing the number of caseloads and amounts. They will present two different computations and how they arrived at \$899,800. Mr. Pagenkopf added that it must be kept in mind that the payrolls between the two systems are extremely unreliable. Dr. Wright asked that the department come up with the cost for the first half of the fiscal year vs. the second half. He said that even with the "unreliable" payrolls, the department should be able to make some fairly good estimates for the second half of the fiscal year.

Mr. Pagenkopf then told the Committee that the SSI program has considered the January and February, 1974 longevity bonus already. They must get money to the people because they have underpaid them; therefore, the state has overpaid them. This is quite a task to figure out. Rep. Warwick then asked if the state will get a refund because they overpaid the people? Mr. Pagenkopf said "in essence, yes."

Rep. Saylor asked how accurate the 1973 average of caseload numbers (2,020) under OAA really is. Mr. Pagenkopf replied that it is quite accurate; the number remain; "pretty static".

In response to Rep. Warwick, Mr. Pagenkopf said that the Longevity Bonus is not involved in the Aid to Blind and Disabled programs because they are all generally under the age of 65.

Under Aid to the Disabled, Mr. Barker told the Committee that the caseloads are growing; the number of caseloads under Aid to the Blind remains pretty much at the same level.

Mr. Pagenkopf stated that the definition for disabled is for those who cannot engage in substantial employment and where their medical situation remains static or becomes worse. Rep. Specking asked if the number of people under the AD program is growing because of reduced criteria for eligibility. Mr. Pagenkopf said that the increase has not been studied, but it is one of the best programs for aid; the increasing number is not due to reduced criteria for eligibility.

Dr. Yankey pointed out that in other states, many have been "hard pressed" for general relief funds and have therefore made a less stringent definition of disability.

He added that many states have the option of "presumptive eligibility", where the recipient will receive a check upon application if the officer presumes the recipient disabled in just one interview. If it is found that they are not eligible, the state would have to pay back all the money; and the federal government would not share in the payment.

Dr. Yankey said that many states "dumped" many Aid to Disabled cases by turning them over to "presumptive eligibility" so those people would be "grandfathered" in under SSI and would qualify automatically under medical conventions. Dr. Yankey then asked if the department had done this. Mr. Pagenkopf stated that they had urged the district office to process disabled cases quickly so that they would get "grandfathered" in and could get under the SSI program, but due to the Public Law, all cases as of July 1 are being reviewed again. Dr. Yankey remarked that any "dumping" would explain their increase in caseloads.

Discussion followed regarding whether people can exist on the \$250 state needs standard. Rep. Specking said he suspected that many people under this program are institutionalized. Mr. Pagenkopf said that many are, in fact, in nursing homes. Rep. Specking then asked if the money will then go to the institution rather than the people. Mr. Pagenkopf replied that the institutionalized person will receive \$25 per month and the rest of the money will go to the institution.

Mr. Pagenkopf then stated that there is a general provision in the state plan that a person cannot deprive himself of resources to provide himself with public assistance. Dr. Wright asked if that provision is actually enforced. Mr. Pagenkopf said that depart-

mental workers are supposed to check out the resources available to the person.

Discussion followed on the Health and Social Services audit conducted by the Legislative Audit Division. Mr. Iverson told the Committee that AD records must remain confidential. Mr. Harris commented that the information (private records) would be available to the individual auditor but not to the Budget and Audit Committee as a whole. Mr. Iverson countered that there is a stringent law protecting any individual in these cases; confidential records can be seen only by those people involved in the direct administration of the case.

Concern was expressed by the Committee over inadequate examination of an individual's resources by the department.

With regard to General Relief, Mr. Iverson told the Committee that the department is now having an argument with HEW and has had one for nearly two years over GR. Whether or not the program will receive federal funds is being argued at this time.

Rep. Warwick asked how much they had received as of this date. Mr. Iverson said that the entire matter is being held in abeyance until the problem is resolved because the department will be able to claim more.

Dr. Yankey asked what the "lag time" is between applications for SSI and the time the recipient will receive a check. Mr. Pagenkopf stated that for those persons applying after January 1, he was not sure, but they originally had been told that the recipient was receiving a check after about 45 days. He added that they can be granted \$100 immediately upon application. Dr. Yankey pointed out that the Social Security Administration has taken over this program and now determines eligibility for adult categories; it takes six weeks to determine a disabled case. The SSA can pay the recipient up to \$100 but the recipient may go for weeks without any money; the state must therefore pay out of general relief money; he added that the first \$100 is taken out of the first check. Mr. Pagenkopf said that the Bureau of Indian Affairs is a great advantage in this situation; as many cases that can qualify are referred to the BIA.

ecess: Rep. Freeman, Chairman, called for a recess at 3:20. The Committee would reconvene at 3:25.

AFTER RECESS

3:35 P.M.

PRESENT

Representatives Warwick, Haugen, Freeman, & Specking. Department of Health & Social Services people were still in attendance.

SOCIAL SERVICES

Mr. Warwick, Chairman of the Social Services Category of the Budget, called the meeting back to order and said they would continue with testimony from Ada Gleason.

Social Services

Ms. Gleason said that the Social Services budget request unit is divided into two elements. It is responsible for promulgating standards for such purchased services and assuring compliance through consultation and inspections. It is also responsible for determining eligibility for Social Services under State and Federal requirements, assessing individual and family social services needs and developing with the client a plan for social service consistent with social goals for the individual or family. That plan may include authorization for purchase of service, referral to other resources, direct provision of social services. The social services worker depends upon Program Services for resources and alternatives. For this reason, many areas in the two BRU's are identical.

The bulk of services is focused on those families and individuals currently receiving financial assistance and to the high risk target population at or near the financial assistance poverty level who may be past or potential recipients of financial assistance.

They help people to achieve the following goals: self-support goal; self-sufficiency goal; strengthening family life goal; and child development goal.

Ms. Gleason referred to a chart which indicated some barriers to the accomplishment of these social goals. There were 25 goal attainment barriers listed, and Ms. Gleason said there were many types of barriers, the number of which is limited only by a person's imagination.

She explained that a client or recipient states what he thinks his goal should be, and the social worker helps the person to realize whether its a realistic goal. The social worker can also help a person to see barriers they may not have been aware of.

The social worker tries to maintain purchased service resources to meet already identified needs of the individuals and families; to maximize utilization of other agency resources to enable accomplishment of the four stated goals--Dependence on other agency resources will continue until the following plan is formulated--; and to formulate a plan for FY 76 to develop additional resources to remove identified goal attainment barriers. All other agency resources will be reviewed, and only those services which are not available without cost will be considered.

Ms. Gleason said that pages 360-371 described the average social workers man-hours. She said there is a shortage of 27 social workers. The new Division of Quality Control and Audit would reduce this to two new social workers. The adjust is:

Social Work	\$1,866,100
Eligibility Determination	242,500
TOTAL	<u>2,108,600</u>
Federal	1,307,400
General Fund	801,200

Mr. Specking asked how often they solved a problem and got a person off the rolls. Ms. Gleason replied this was a new system which had been mandated by new social services regulations of the Federal Government. She said they were in the process of developing a statistical system which would show them the cost. She said they expected that to be in place before FY 76. She said they had never had a system up until this point which would determine how successful they have been.

Mr. Warwick asked what criteria they used to determine whether a person was eligible for social services. Ms. Gleason said that anyone currently in the State was eligible for social services. She said they didn't refuse social services to anyone because of income. The determination of income is to determine eligibility for federal reimbursement for services which are provided. In order to maximize federal dollars, they have to create a link to one of the categories and show whether the person is a current recipient, a potential recipient, or a former recipient.

Dr. Yankey asked if there was a certain percentage of AFDC standard. Ms. Gleason said they would use current federal regulations for federal receipts of assistance that are in existence which would define the level of income to receive services.

Mr. Warwick asked if they provided that care. Ms. Gleason said it was in a different BRU. She said there were income guidelines for that. They are responsible in that the statutes provide that all facilities providing care must be licensed by the Department. She added that Social Worker's are responsible for licensing of Day Care.

Mr. Warwick noticed that the Governor had disallowed the Child Care Licensing Supervisor. He asked what the effect of that would be.

Ms. Gleason explained that the statutes say that all facilities that care for children must be licensed. She estimated there are over 1300 organized day care places in Alaska. She said they don't have the staff to keep up with licensing of those facilities in which they are paying for day care.

Mr. Warwick asked about geographic distribution of services. Ms. Gleason replied there were 24 district offices throughout the State, but that the majority of the staff is concentrated where the majority of the population is.

Mr. Warwick noted they were asking for about 12 more people than they received from the Governor. He asked what services they wouldn't be able to provide because of that. Ms. Gleason said they wouldn't be able to license day care except where they are required to in order to be able to pay for it. She said other services would suffer in that they wouldn't be able to provide it to the degree they feel is necessary. She pointed out they were very crisis oriented at the present time.

In answer to a question from Dr. Yankee, Mr. Stan Harris said that at the present time, on the State Plan, they are using the Poverty Guidelines for Alaska as compiled for the Department of Labor plus 133 1/3%

Mr. Specking asked whether the day care units that needed licensing included those done in individual homes. Ms. Gleason said yes. The statute covers anyone providing care for an unrelated child in his own home, and says they must be licensed by the Department. She said this excluded those doing this on an occasional basis for a friend or neighbor. It was meant for those who are in the business.

Mr. Specking asked how many actual day care centers were licensed, and Ms. Gleason said that in FY 73 there were 40, Planned for FY 74 and maintenance for 75 is 46 licensed day care centers.

Mr. Haugen asked how long the statute had been in effect. Ms. Gleason believed it has been there since sometime before Statehood.

Mr. Specking asked about Title XVI and IV funds for FY 75. Mr. Harris said the amount would be \$3.9 million, as far as he knew.

Commissioner McGinnis said that was Title XVI primarily. The ceiling this year was \$3.9 million and was stated in the Federal Act. He referred to HR 3153 which is in Free Conference Committee in Congress. What he thinks it says is that no State would receive less in 74 than it actually used in 73. That would give them approximately another \$2 million in 74. It doesn't speak to FY 75. He said they budgeted \$3.9 for 74 so they budgeted \$3.9 for 75, but he said it was in the state of flux and they were hoping Congress would do better by Alaska than it has done up until now. The Federal Act in existence now holds to population, and that is why they went from \$22 million to \$3.9 million. He said it would take another Federal Act to raise it.

Program  
Services

Mr. Warwick asked Ms. Gleason to go on to Program Services (page 44 of the short form).

Ms. Gleason said that Program Services represented purchased services from Institutions, Foster Homes, Day Care Facilities, and other

agencies. These resources are developed through consultation by the staff contained in the Social Services BRU. The floor of quality contained in these programs is directly dependent upon adequate personnel in the Social Services BRU to inspect for compliance with State and Federal Regulations and to perform program auditing. The professional level of service is continually being upgraded through the utilization of staff development services as offered by Division personnel and purchased contractual training services.

These program services allow resource alternatives to meet individual and family needs as specified in each plan for services.

Ms. Gleason said the budget basically reflects maintenance level which uses 5% inflation and 4.6% population increase. The overall budget is reduced primarily because of shifts from institutional care to foster care. The budget represents the bare minimum to provide requirements of federal and state law.

Mr. Warwick asked what Homemaker Services were, and Ms. Gleason said this was where trained or untrained home helpers went to the family or individual's home to help them to overcome specific barriers to maintaining, strengthening, and safeguarding their functioning in the home..

Mr. Iverson explained there were two different levels of payment. The skilled homemakers made about \$4-\$4.50 while the home helpers made a lesser rate. It is 75% federally funded through Title IV and XVI and the State contracts with Alaska Homemakers Inc.

Mr. Warwick asked whether they placed unemployed recipients as Homemakers. Ms. Gleason said they had tried placing some of their AFDC recipients as homemakers, but the results were not that great because they usually had young families themselves and couldn't be away from their own homes that long.

Mr. Warwick said they could go on to discuss Foster Care.

Mr. Freeman asked how many employees there were for Foster Care. Ms. Gleason said there were none in Personal Services for Foster Care. In fact, she said there were none in this BRU at all.

Mr. Warwick asked why, and Ms. Gleason said the entire budget was for services which they purchase which other people provide to their recipients. She said all of the social workers were in the Social Services BRU.

Mr. Warwick asked whether they encouraged foster parents to adopt the children. Ms. Gleason said that most of the children were not free to adopt. Their goal is to help the child and family work out problems or to get the parents to terminate parental rights and make the child free for adoption. She said the average payment is \$200 per month.

Mr. Warwick asked how many children were in foster homes, and Ms. Gleason said there are 600 at this time.

Mr. Warwick stated that their budget was up substantially. He wondered whether they were going to increase the payments. Ms. Gleason said they held rate hearings every year and payments were adjusted on that basis. He said that foster homes were not covered under full cost of care, but payments had to be sufficient to keep the foster homes caring for children.

Ms. Gleason said the number of children in foster care and institutional care has been comparatively stable. She expected there would be some growth as the population increased.

Mr. Warwick asked whether a substantial portion of these children were Native. Ms. Gleason said about 70%.

Mr. Warwick asked where the federal funds came from, and Ms. Gleason replied they came from the link of child to families which were or would have been eligible for aid to Families with Dependent Children.

Mr. Warwick asked if they could get money out of the parents for those that weren't linked.

Ms. Gleason said that if a child was committed by a Court, the Court could state the parents were to pay, and if the parents voluntarily committed their child, then the parents are supposed to enter into an agreement to pay.

Mr. Warwick asked that they go into Institutional Care.

Ms. Gleason said that Institutions, Receiving Homes, and Group Homes, all full cost of care facilities, must implement therapeutic and viable programs which will meet a child's needs. To be effective, that entails innovative approaches, trained personnel, and specialized equipment. Costs are maintained through increased program monitoring for compliance with regulation, and fiscal and program auditing. In FY 75 they plan for homemaker service and day care service to assist in reducing the number of children needing institutional care as demonstrated in the Juneau Receiving Home in FY 73.

Mr. Specking asked how they arrived at full cost of care. Mr. Iverson said that under AS 47.40.010, it says the Department would determine the rates to be paid. These are based on prior year expenditure plus cost of living increases. Mr. Iverson said rate hearings had just been concluded, so they were in the process of developing them.

Mr. Specking asked if anyone had a list which showed exactly how much an institution got. Mr. Iverson said they would provide that.

Mr. Warwick asked whether the Department licensed the institutions, and Ms. Gleason said yes. Mr. Warwick then asked whether placements were made solely through AFDC, and Ms. Gleason said that the Division of Corrections also made placements.

Mr. Warwick asked about occupancy in the institutions, and Ms. Gleason said they weren't close to capacity. In fact, they seem to be less than capacity most of the time. Mr. Warwick asked if this didn't drive up the cost, and Mr. Stan Harris said it definitely did. Mr. Warwick asked if they couldn't refuse to refer recipients to them. Ms. Gleason said there were some institutions which they didn't use because they served only the Division of Corrections.

Mr. Specking asked if it would be possible not to license more institutions. Ms. Gleason said they couldn't refuse to license an institution if they met the requirements. Mr. Warwick thought they could try to discourage new institutions from coming about. Ms. Gleason said they were telling them about the financial difficulties other institutions were facing.

they had  
Mr. Warwick asked how many/licensed this year. It came out that there were three new licenses this year. However Ms. Gleason said that old licenses had to be renewed each year.

There was further general discussion about the matter.

Mr. Warwick said they would go on to discuss Day Care.

Ms. Gleason said that Day Care services are offered for children whose parents are in training or employment or who are incapable of providing adequate care and for children with special needs. Day Care is an essential service for children of single working parents. As more women find it necessary to work, the demand for this service increases proportionately. The current level of care is minimum as revealed by a Region X HEW FY 73 evaluation. Revised State regulations will increase the quality of care, particularly for infants. State and Federal Requirements will be implemented over a two year time-frame allowing facilities time to meet the higher requirements. A rise in cost is anticipated. No change is requested due to the Federal IVA funding ceiling and to stay within the Governor's allowance. Federal participation is 75 percent.

Ms. Gleason said that as for federal grants, the only area this is being done in is Juneau and that is under Model Cities/Housing and Urban Development, which is unrelated to the Department of Health & Social Services.

Ms. Gleason went on to speak about Adoptions. She said adoption placements are quantitatively decreasing in number for the white child. However, the quality of adoptive service is increasing due to the acceptance of active recruitment of homes for the black, full native, physically and mentally disabled and teenage child. The Division

placed 120 children in FY 73, however they closed intake for applicants requesting children under age 5 for several months. They anticipate a longer open intake in FY 75 due to expected Vietnamese children.

Mr. Warwick asked whether they adoptions were broken down by racial groups. Ms. Gleason said she could probably provide that information for him.

Mr. Warwick asked her to go on to Protective Services.

Ms. Gleason explained that Protective Service resources in this BRU include institutional care, foster care and day care as services given following crisis intervention. Securing Protective Service for children is especially dependent upon the personnel designated for protective service in the Social Service BRU. Crisis intervention involves identification and responding to instances requiring substantiating the evidence of neglect, abuse, or exploitation of a child; helping parents recognize the causes thereof and strengthening parental ability to provide acceptable care; or if that is not possible, bringing the situation to the attention of appropriate courts for crisis intervention, and furnishing relevant data, and providing follow up services as directed by the court. Day care is being offered in lieu of some foster care as an alternative in FY 75 for select protective services cases. This lower cost of care may afford crisis relief for the parent and with careful placement may assist the child toward security and developing his potential. Some Federal matching funds are available.

Ms. Gleason added that this program was funded for the first time in FY 74. The Legislature established the program in FY 73, but didn't fund it.

Alcantra

Mr. Warwick said they would go on to discuss the Alcantra Youth Campus. Mrs. McLaughlin, Director of Alcantra, was present to testify.

Mr. Warwick asked Mrs. McLaughlin what they did there. Mrs. McLaughlin said they had a professional treatment program for approximately 30 boys who are dependent, neglected, and or sometimes delinquent. She said they had their own school. She explained they were a somewhat closed society as they were located 3.5 miles from Wassilla in the Matanuska Valley. She said they served only boys, but if they get their new buildings, they propose to have a co-educational institution.

Mrs. McLaughlin said the boys stayed about 7.5 months. She said they had a behavior modification program, which begins a process of changes of behavior from the outside.

Mr. Warwick asked how the graduates turn out. Mrs. McLaughlin said that most of them go back home and make it all right.

Mr. Warwick asked how they fared in schools once they got out. Mrs. McLaughlin said some did fairly well, and others not so well.

Mr. Warwick asked about funding. Commissioner McGinnis referred to a letter from him which he had given to Mr. Freeman that day. He gave the Committee copies. It said the following:

At the time the Alcantra Budget Request Unit was prepared, Federal financial participation was estimated at 50 percent.

In January, a team from Region X of Health, Education, and Welfare visited the institution and declared it to be a full-time comprehensive social service center eligible for 75 percent Federal financial participation.

The following is a breakdown of the Fiscal Year 1975 budget showing both plans:

	<u>Totals</u>	<u>50%</u>	<u>75%</u>
100 Personal Services	328.5	164.3	246.4
200 Travel	7.9	4.0	5.9
300 Contractual Services	165.0	82.5	123.8
400 Commodities	64.6	32.3	48.5
500 Equipment	15.0	7.4	11.3
700 Grants, Claims, Shared Revenue	<u>4.1</u>	<u>2.0</u>	<u>3.1</u>
Total	585.1	292.5	439.0

The above figure (439.0) then increases the load on the 4 A ceiling by 146.5. There is no room under the ceiling to claim this amount.

At the same time, the estimated employees pay raise will have further impact on the ceiling.

General discussion on Alcantra followed.

Mr. McGinnis passed out copies of the new BRU that they have which is entitled "Quality Control/Collections Agency".

RECESS

Meeting recessed at 5:05 P.M.

AFTER RECESS  
Tuesday  
March 19, 1974  
4:15 p.m.

Present: Committee members Haugen, Freeman, Saylor, Ose, Warwick, Ferguson.

Also present were: Dr. John Yankey, Health & Social Services Consultant to the Finance Committees; Dr. Josh Wright, Legislative Consultant to the House Finance Committee; Milt Barker, House Fiscal Analyst.

From the Department of Health and Social Services: Dr. Fred McGinnis, Commissioner; Mr. W. L. Iverson, Director of Administrative Services; Mr. Howard Bradshaw, Director, Pioneer Homes; Mr. Gary Sheridan, Administrative Assistant for Pioneer Homes; Mr. Bill Bailer, Program Administrator for Social Services; Mary Beth Hilburn, Coordinator, Office of Drug Abuse.

SOCIAL  
SERVICES

Rep. Freeman, Chairman, called the meeting to order, and turned the meeting over to Rep. Saylor who asked Mr. Bradshaw to present an overview of the Pioneer Homes' budget.

Pioneer  
Homes

Mr. Bradshaw told the Committee that each year they have asked the Legislature for funds for their share of social services positions to offer to the Pioneer Homes in order to get recoveries from the federal government; all requests have been denied for those positions.

Mr. Bradshaw stated that there are a total of nine positions (3 for each home) which constitute their social services position request: three social workers, three recreational therapists, and three occupational therapists.

The Committee then considered the Pioneer Homes' budget by individual facilities. The first home to be considered was the Sitka Pioneer Home.

Mr. Bradshaw said that although 15 positions were requested for the Sitka facility, the Governor eliminated several, and they are not asking for anything beyond what the Governor allowed.

Mr. Mailer told the Committee that the Pioneer Homes come under the ceiling money of the Revenue Sharing Act; there were several programs that cut across the lines to make up the total \$3,901,750 which is the maximum federal matching that they are allowed for social services for the total Department of Health and Social Services. Mr. Mailer said that they felt that social services positions that are in Pioneer Homes can be claimed as departmental personnel under

this ceiling. He then stated that Mr. Sheridan put together the amount of federal matching Pioneer Homes can receive which totalled \$297.4. Mr. Sheridan said that the \$3,901,750 is based upon the amount of services that the total staff gives in this area and based on professional staff total salaries. It is a match of 75/25.

Mr. Mailer said that the department feels that Pioneer Homes can be recipients of Title IV and XVI funds if they are accepted by the federal government as comprehensive social service centers. They will be able to claim federal matching monies under this acceptance.

Commissioner McGinnis told the Committee that the department does not want to count on the 75/25 match and have their budget depend on it.

Mr. Bradshaw then stated that the Sitka Pioneer Home has 120 guests; normally, they would have 160. Rep. Saylor questioned Mr. Bradshaw over the renovation plans for the facility. Mr. Bradshaw stated that the renovation will commence this month and will be completed in December, 1974, at which time they will have full capacity of 160 guests.

Rep. Saylor commented that the four nursing positions requested are programmed to be used for the additional people; wouldn't it then follow that those positions will not be needed until December when the renovation is complete and will allow the extra guests to enter the facility. Mr. Bradshaw replied that the present staff is now inadequate; there are not enough nurses to keep one on duty at all times.

Rep. Saylor asked what the ratio was for men to women in the facility. Mr. Bradshaw replied that the ratio was 2 men to one woman.

Dr. Wright then referred to the aforementioned \$3.9 million ceiling. He asked if the ceiling had been reached already. Commissioner McGinnis stated that the department will use \$3.9 million for FY 74. He added that they are hoping that HR 3153, presently in Free Conference in Congress, will pass which will give the department \$2 million more for social services. He stated that because the close of the fiscal year is nearing, the department would have to be very cautious on how the money (if granted) would be utilized.

Mr. Bradshaw told the Committee that the average match received is 60% (some 75/25, some 50/50).

Mr. Mailer then stated that in October, 1972, the Revenue Sharing ceiling caused the department to cut back \$22 million in contracts to \$3.9 million. Mr. Iverson then said that federal financial participation in Pioneer Homes is questionable based on the visit of Region X officials to the Palmer facility; Mr. Iverson said "we are doing battle with them now". Region X says that there is very little in the Pioneer Home program

that would be reimbursable. He said the only federal reimbursement possible is for social workers, which computes to \$30 thousand to \$35 thousand. He then stated that they have temporary Social Workers on board.

Mr. Iverson then said that there is doubt whether the Pioneer Home program does qualify as a comprehensive social services program (center). There is a residence requirement which violates the Shapiro decision, but the department is satisfied that they can claim and do battle with the federal government; Following the visit of Region X in January, however, the situation has become involved once again.

Mr. Iverson said that the department would be remiss in not trying to qualify the Pioneer Homes as social service agencies, which can be done through justification and documentation.

The Committee then considered the Fairbanks Pioneer Home. Mr. Bradshaw stated that the facility will handle 120 guests and will be completed for full occupancy in a number of weeks. The staff will be doubled. The positions requested for this facility are only basic staff--housekeeping, nursing, etc.

Discussion followed on the Palmer Pioneer Home. Mr. Bradshaw told the Committee that there is a capacity in this facility for 60 guests. They hope to award a contract within five weeks to increase the capacity to 88; that will not require any funding in this budget. They will need new funding in Palmer in the next budget except for the three positions requested in this budget (Occupational and Recreational Therapists and Social Worker).

Dr. Wright stated that if a program has merit, it should be funded--whether federal or state--but the Department of Health and Social Services seems to be too often designing programs for federal money rather than for the merit of the program.

Mr. Bradshaw said he agreed, but it was not his intent that the design of the Sitka facility be completed simply for recovery of federal dollars. He said that they are now asking that the Legislature not take out social services this year even if they are funded by the state and there are no federal funds.

Dr. Yankey asked if it was ever considered that these facilities be certified for Medicaid. Mr. Bradshaw stated that they spoke yesterday on this issue for an effort to be made in that direction. He added that several years ago, it seem that the requirements for coming under Medicaid were too great for the state's portion due to federal regulations (requiring a dietary department, raise in nursing staff, etc.)

Mr. Barker pointed out that the picture has changed since Intermediate Care has been enacted.

Mr. Mailer stated Medicaid would require that all Pioneer Home guests receive assistance under present regulations. There is nothing now which would make them eligible for Medicaid. Mr. Bradshaw reiterated that their present guests are not entitled to Medicaid; the state law now prohibits guests from being recipients.

In response to Dr. Yankey's question of what would happen if the facilities increased their rates, Mr. Bradshaw told the Committee that the subject has not been addressed, but full-cost-of-care payment would affect only five guests in the entire Pioneer Home system. Mr. Bradshaw said he could find out what each individual could pay for maximum care (from those who are guests in the homes at present).

Mr. Bradshaw then said that if a guest receives \$180 and has only \$20 for himself, the facility takes all money and then gives back \$35 to the individual as required by law. As written in the statutes, the individual cannot collect anything when they come into the home.

Dr. Wright then asked Mr. Bradshaw how determination of payment is made. Mr. Bradshaw stated that they take the guest's word for it. He said they are quite frequently in error and make adjustments accordingly. He then said that no one had been untruthful and had actual "hidden" money except once when the Pioneers Homes had to go to the Attorney General's Office and collect money from the estate of one man who did, in fact, have a large bank account.

Commissioner McGinnis then told the Committee that if the federal government should determine that these services do constitute a comprehensive health planning agency, then the Legislature will be approached; however, if they determine that only a small amount qualifies, then Commissioner McGinnis saw no reason for the Department of Health and Social Services to be involved with Pioneer Home administration at all. He then added that they are going to press the federal government for an answer; if the answer is negative, the department will then urge the Department of Administration to administer the program.

Rep. Haugen then asked if the Kotzebue facility is under construction. Mr. Bradshaw stated that unfortunately the House Finance Committee had received misinformation; the final report was that they will get 18 rooms and the original request had been for 14. He said that they had to make a choice between 14 and 18 rooms and therefore finally selected 18. (which meant a drop in social services areas). The cost was \$1,750,000 for both 14 and 18 rooms.

There being no further discussion, the Committee adjourned at 5:00 p.m.

AFTER RECESS  
March 20, 1974  
Wednesday  
1:45 p.m.

Present: Committee members Meekins, Saylor, Warwick, Haugen, Ose, and Specking. Also present were: Dr. John Yankey, Legislative Consultant for Health & Social Services; Dr. Joshua Wright, Legislative Consultant for House Finance Committee; Milt Barker, House Fiscal Analyst.

From the Department of Health & Social Services: Dr. Fred McGinnis, Commissioner; Don Kemp, Public Assistance Supervisor, Assistance Payments; Roderick Betit, Food Stamp Program Manager; Ray Pagenkopf, Assistance Payments.

Acting Chairman Ernie Haugen called the meeting to order; the purpose of the meeting was consideration of the budget program category Social Services. He then turned the meeting over to Rep. Warwick.

SOCIAL  
SERVICES

Rep. Warwick asked the appropriate representatives from the Department of Health & Social Services to present an overview of their budget.

Food  
Stamp/  
Eligi-  
bility

Mr. Don Kemp and Mr. Rod Betit told the Committee that they built their budget on a cycle of the maintenance level; it is comprised essentially of the same services as last year.

The programs handled by this BRU (Food Stamp/Eligibility) are AFDC, Old Age Assistance, Aid to the Blind, Aid to Disabled, Food Stamps, General Relief, General Relief Medical, and Medicaid. The employees are the keypoint in determining eligibility in all these programs and how much the recipients will receive.

Mr. Kemp said this BRU has no control over how many people will apply for various forms of eligibility. The federal regulations state that these forms of assistance must be offered to all eligible persons on an equal basis. Any economic change in the state which may cause a great influx of incoming people must be coped with.

Mr. Kemp stated that the time standard for processing applications (notifying the individual whether or not he or she is eligible) takes 45 days for AFDC applications, and 30 days for Food Stamp applications.

This BRU has great fiscal responsibility; it will authorize \$44 million. AFDC alone will show expenditures of \$15 million; Food Stamps will be \$14.5 million; and Aid to the Blind, one of the lowest, will show \$117,000.

Mr. Kemp stated that there are new mandates for FY 75 that this BRU must carry out, the first being implementation of verification and documentation of eligibility determination. In the past, individuals filled out a declaration-of-need form; the statement made was taken in face and questions were raised at that time if there were inconsistencies found on the application. The new process, however, consists of checking out all collateral sources and verifying all information on the application. This new process will take more time and work. Mr. Kemp added that this is a much better way of equitable distribution of the money available for AFDC.

Another new mandate is within Food Stamps for an expanded eligibility base and an increase in coupon allotments. All program activity will increase by 30%.

There are also three new programs under Medicaid.

Mr. Betit told the Committee that each district in Alaska will have two or three people handling all programs daily under Food Stamp/Eligibility. Criteria for eligibility must be reviewed periodically to see if the recipients are, in fact, still eligible.

Mr. Betit said they now have 71 Eligibility Workers in the field (including Permanent Full-Time and Part-Time and Temporary). Based on action studies, each Worker can handle 98 actions per month. Mr. Betit said that by converting some of the temporary staff to permanent and by having additional training and management, they can reduce that staff of 71 to 69 and have 6 positions for new programs--bringing the total to 75. This will allow an achievement of 117 actions per month per Worker.

When questioned about the new BRU "Quality Control and Collections", Mr. Betit stated that the field workers in that section will determine if the Eligibility Worker's decision for eligibility determination is correct. The QCC function determines the error rate for the state. Food Stamps has no fiscal sanctions tied to it--it is only a management tool; AFDC, however has fiscal sanction. Mr. Betit said there are approximately 3900 AFDC cases in the state. A minimum sample of 150 cases each month is reviewed by QCC. Whatever error rate they find is accepted as the error rate of the state. Mr. Betit said that it is reliable, but the validity is questioned because of the size of the sample taken. If the error rate is 10%, the rate can actually be higher or lower than that.

Mr. Betit said that error rates are combinations of state agency errors and client errors. The client is responsible for reporting any changes in his or her status to the agency.

There is a federal fiscal penalty of \$100,000 for six months of continued error rates. The penalty is eliminated by the difference between the tolerance level and error rates by 1/3 each 6 month period.

Mr. Kemp then told the Committee that the last sample to determine error rates was taken from April to September, 1973; a sample is now being taken over the period January to June 30, 1974; the third period will cover July 1 through December 31, 1974. Mr. Kemp said that it will be at the time of the January to June, 1975 sample period that the first federal sanctions will apply.

Out of 18 cases reported out of the 150 sample cases, the error rate was 9.57. Mr. Kemp said he was not aware of the formula making the fiscal sanctions; he said that the sanction is a combination of four figures; 9.56 is the adjustment made using those four figures.

Rep. Warwick asked if the 9.57 error rate will fall within the limitations prescribed. Mr. Kemp stated that if they are over-payment errors, yes; if eligibility errors, then no. He added that they still had three months to go, however.

Rep. Warwick asked what efforts were being made to make sure that the error rate will decrease. Mr. Kemp told the Committee that they have made management improvements (such as the verification and documentation) and have increased their staff through Budget & Audit Revised Programs (74-133).

Dr. Wright asked Mr. Kemp to explain the difference between the verification process now being used as opposed to the prior plan used before January of this year. Mr. Kemp stated that prior to January, when someone applied for AFDC, the agency took that information on faith. They now verify all information: if the spouse is, in fact, absent from the household, the ages of the children, whether or not the children are living in the home, wages, etc. Dr. Wright pointed out that the agency was doing that prior to verification processing.

(Rep. Freeman entered the meeting at this time.)

Mr. Kemp said that under the old system, if the Eligibility Worker found anything inconsistent, that would trigger contact; they would verify the information supplied by the applicant. This system was carried out only on those applications which showed inconsistencies. Now the process requires that EVERY case be verified.

Dr. Wright asked if the Eligibility Workers now check physically (addresses, visits to the home, etc.) for all applicants. Mr. Kemp said that the Workers are making physical contact, but not in all cases.

Rep. Specking then asked for background on Food Stamp eligibility. Mr. Betit stated that federal instructions constitute the state's Food Stamp programs. The state has no leeway in any factors for determining eligibility. The income standard is set for the size of the household. The Department of Agriculture is the federal agency in charge of the Food Stamp regulations. Rep. Specking asked that the Department of Health and Social Services provide

Mr. Betit replied that during the eligibility interview, the Eligibility Worker must determine if the individual is traveling or residing in the area. Federal regulations once said there was a resident requirement, but that regulation was stricken from the books.

Rep. Haugen then asked if the state can choose whether or not to participate in the Food Stamp Program. Commissioner McGinnis said that the state does have that option; the alternatives to the program must be considered, however. A commodity program will have its own set of problems, and the state can choose not to have any similar program at all.

Commissioner McGinnis stated that many people have a mistaken impression of Food Stamps. The amount of income of the individual determines how much they will pay for the coupons. The presence of food stamps with an individual does not mean they get them free; it all depends on the purchasing power.

Many people qualify for Food Stamps who will not qualify for other programs. Many people must pay a lot of money for the Food Stamps. Fourteen million dollars in food value is used to enhance the food purchasing power of Alaskans. Commissioner McGinnis said that Health & Social Services pays only for the program's administration, and not for the bonus coupon cost.

Rep. Haugen asked how much the agency will increase the amount of Food Stamp disbursement (from 1973 to 1974). Mr. Betit said that the disbursement is 900,000 to 1,000,000.

Rep. Haugen expressed his concern over individuals receiving this benefit without working at all.

Dr. Wright asked for caseload statistics for Food Stamps for January and February of this year. Mr. Betit said there is a computer problem which will prevent them from getting February statistics at this time, but the caseload for January was 6,102. He added, however, that there is no real trend established in this program.

Mr. Betit said that the agency counts as "actions" those things that would affect eligibility which would result in an adjustment. He told Dr. Wright that in January, 1974, there was an increase of 371 cases in Anchorage over December.

Dr. Wright said he was concerned over the amount of work done by each worker. Commissioner McGinnis said that a study had been done which was based on a particular unit of work per worker; the agency will provide those figures for the Committee within the next day or so.

Recess: The meeting recessed at 3:20 p.m.

AFTER RECESS  
March 20, 1974  
4:25 P.M.

PRESENT All members of the Committee except Representatives Barber and Ferguson. Department of Health and Social Services people were also present.

SOCIAL SERVICES Mr. Warwick, Chairman of the Social Services budget category, called the meeting back to order. He said that Dr. Yankey had some questions he wanted to ask.

Dr. Yankey asked about federal administration of Supplemental Security Income payments, and asked how much time it was taking to determine eligibility.

Mr. Pagenkopf said the arrangement they have set up now is that someone comes in to apply for old age assistance. They then refer them into the Social Security Office. There, they have what is called a 450 S form, which is in the pilot stage now. It contains all the information which the Department of Health & Social Services needs to make their decisions after SSI makes theirs. This is being done in an effort to cut down the length of determination.

Dr. Yankey then said that essentially meant that the part that is presently SSI related has been shifted over to SSI people. The reason he was asking the question was that it related to the number of staff they were requesting in the BRU. He noted they had done time studies and wanted funding at 16% of the eligibility time being spent on Adult Public Assistance. Now, SSI will be assuming some of that responsibility.

Mr. Pagenkopf said that 1/3 of those in Adult Public Assistance were not getting Supplemental Security Income backing. He said they anticipate that as a result of Form 450 S, there would be some changes. However, he said they still had to make eligibility determination, whatever SSI did, but using their information, it should save them some investigatory time. He said it was originally to be for three months, but they have a verbal agreement with SSI to continue for six months.

Dr. Yankey referred to the different management improvements they had suggested which would save work as well as time. He said it was the Committee's feeling that if they were able to reduce the number of pages, obviously the time taken to review it would be considerably less. He said the Committee also had a question about the tremendous amount of training, and they wondered who would do it.

Mr. Kemp replied that in the Statewide training session in Anchorage, it was central and regional office staff that did the bulk of their technical training. In Southeast, a workshop was held in Juneau, and again, the Central office resources people plus the regional people did the training. In the Bethel area, it was regional people from the Northern region plus the Alaska Methodist University people.

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Dr. Yankey asked the purpose of the Assistance Training Specialist position. Mr. Kemp replied that that person had been involved in several areas, one of which was coordination of the workshop between the University and the State staff. He had worked on developing materials for training, such as regional plans for on-going use in the District.

Mr. Barker suggested the possibility of going to federal administration for the State Supplemental Income, and asked if this wouldn't take additional public assistance out of the State's hands.

Mr. Pagenkopf said there was a clause in PL 92603 which provided the State with the option of federal administration. He thought it was 120 days from the time they asked for it until the time it went into effect. He thought if it was federal administration, \$20 per person was mandated. This immediately ups each case by \$20 a month, so the cost is \$4,000 on that alone. He added that PL 92603 knocked out any provision for the Alaska longevity bonus. He saw no advantage.

Mr. McGinnis thought the Committee should be aware that the Social Security Administration has only 4 offices in the State while the Division of Children and Family Services has 24 offices. He said it wasn't true that these could be handled by mail. He saw a situation where our workers would be asked to handle office work. The federal government would be administering it, but our people would be doing the work. The fact is that until the Social Security Administration opened offices to service these things, we would wind up serving them while the federal government would appear to serve them. He felt it would be the greatest rip-off the federal government has performed on the State of Alaska. They appear to be doing a great improvement, but it really would be a hardship on the State.

Mr. Kemp commented that one of the reasons they would be able to reduce the application would be because the applicant would no longer be filling out the application. An interview would be conducted and the worker would fill out the application, so it really would not be a time saving factor.

Mr. Warwick noted that a certain percentage of errors were caused by the client's failure to notify the State about a change in his status. He wondered what recourse the State would have.

Commissioner McGinnis said that from the federal point of view, it would be just as if Alaska had made it. He didn't know that Alaska had any penalty power unless fraud could be proven and then they could take legal action.

Mr. Betit said that if a Food Stamp Client reported a change in the month it occurred, it wouldn't be reflected that month, but the next month. If they find he has failed to report something, they figure out the excess coupons and either try to collect it, or in the case of fraud, take it to the District Attorney. If it is minimal, they ignore it, but if it is more than a \$400 loss, they have to forward it to the federal government.

Mr. Warwick asked whether they determined eligibility monthly, and Mr. Betit replied it depended on the Household.

Mr. Warwick said that with the high rate of errors, they must have case histories. Mr. Betit said that quite a few people were currently in the process of making repayment. Technically, it should be in a lump sum, but they have three years in which to repay a loss, so they are allowed to set up a repayment schedule. If they don't repay it, the State can take them off the program, or put them on a statewide bar from programs.

Mr. Warwick asked if it was possible to compare our eligibility workers with those in other states. Mr. Betit said they had made some comparisons, but it was difficult to find another state with caseloads like Anchorage where people are constantly changing their status. Most other states have a much stabler caseload. He said they had to make the comparisons to Anchorage because the situation where the worker dealt just with Food Stamp eligibility is unique in Alaska to Anchorage and Fairbanks. In the smaller communities, one person runs all of the programs. In Maine, the eligibility worker averages 9 actions per day. Grand Junction, Colorado also has about 9. Anchorage was about 8 at the time the comparison was made.

Mr. Warwick asked how many people were on board now. Mr. Betit said there were 71 eligibility workers and the balance were clerical--28.

Mr. Warwick noted they had asked for 119 positions and had been reduced to 101. Mr. Betit said they had felt the additional positions necessary to allow the workers to do the best possible jobs. He said it was a maintenance budget as it stood now.

Mr. Warwick asked about pipeline impact. Mr. Betit said they had submitted a separate pipeline impact budget asking for 11 additional workers.

RECESS

Meeting recessed at 5:00 P.M.

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HOUSE FINANCE COMMITTEE

March 21, 1974

9:25 A.M.

PRESENT: Representatives Haugen, Warwick, Barber and Specking. (Rep. Freeman arrived later in the meeting.) Department of Health & Social Services people were present.

SOCIAL  
SERVICES

Mr. Warwick, Chairman of the Social Services category of the budget, called the meeting back to order, and said they would begin with discussion of WIN/AFDC.

Ms. Ada Gleason, Assistant Program Administrator, was present to discuss the program. She said the Work Incentive Program is a joint project of the Department of Labor, Employment Security Division and Health and Social Services, Division of Family and Children Services. The goal of WIN is to place AFDC recipients in jobs which will remove them from AFDC rolls. PL 92-233 made registration for the WIN program a requirement to be eligible for AFDC benefits. The law defines which AFDC recipients may be exempted from registration.

Ms. Gleason explained that the Employment Security Division serves WIN participants by providing employment services including, but not limited to testing, counselling, training, job development and employment placement. The Division of Family and Children Services prepares AFDC recipients for participation in WIN and for eventual self-support by providing a wide range of social services including child care, homemaker services, health services, vocational rehabilitation, home and financial management, housing improvement, family planning, and transportation.

Ms. Gleason said the objectives were as follows:

- 1) Train AFDC recipients with a marketable job skill.
- 2) Place AFDC recipients in jobs.
- 3) Reduce the dollar amount spent on AFDC grants by helping AFDC recipients to become fully or partially self-supporting.
- 4) Prevent future generations of AFDC recipients by providing AFDC children with the example of a working head of household.
- 5) Minimize the number of AFDC cases by helping AFDC recipients to become self-supporting.

Ms. Gleason pointed out that all items of expenditure in the WIN/AFDC BRU have been analyzed to take full advantage of the 90% federal match. The 90% federal participation is contingent upon compliance with federal regulations and the law.

The Required General Fund for WIN/AFDC is \$217.9; the G.F. transferred to Labor is (\$126.8) which leaves \$91.1 in AFDC; the 90% Federal match is \$820.6 which makes for a Total Operations amount of \$911.7. Ms. Gleason said the combined effect of the two BRU's is \$217.9 G.F. and \$1,961.8 Federal for a combined total of \$2,179.7.

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Ms. Gleason explained that the intent of PL 92-233 is to minimize or reduce expenditures for AFDC by placing AFDC recipients in gainful employment. A recent analysis of WIN registrants shows that 70% of those women need institutional or classroom training in order to become gainfully employed.

She said that one requirement of the federal regulations is the establishment of a Separate Administrative Unit to provide social services exclusively to WIN participants. Three Social Worker III positions and a Clerk IV were authorized in RP 74-41 in order to keep WIN in compliance with federal requirements.

Ms. Gleason went on to say that H.E.W. has given approval and guidelines for a group social service which is designed to prepare AFDC recipients for job training or employment. This service known as "Confidence Clinic" includes education and orientation in: financial management, home management, normal child behavior problems, family living, how to use day care, use of transportation, health, grooming, hygiene, citizenship, role of a single working parent, orientation to WIN and the world of work, how to apply for a job, how to interview for a job, coaching and encouragement to continue education, individual and group counseling. They are planning to develop and refine a model "Confidence Clinic" in FY 75. The expected results are a larger percentage of AFDC recipients who will move into gainful employment in a shorter period of time.

Ms. Gleason said that during the period from April 1973 through October of 1974, the records show the following monthly averages: 1) 7 AFDC families per month, with an average monthly AFDC check of \$179 per family, go off AFDC due to employment obtained through WIN; and 2) 10 AFDC families per month have an average AFDC payment cut of \$65 per family per month due to employment through WIN.

She passed out the paper (see following page) entitled "AFDC SAVINGS" to the Committee members.

In addition, Ms. Gleason said that WIN participants become taxpayers. The primary benefit the State receives from WIN is the fact that AFDC families become independent and self-supporting.

Mr. Specking asked whether they maximized use of the money in order to get match. Ms. Gleason said yes, and added that they are required by law to use MEDICAID whenever they would provide services, and also the U.S. Public Health Service when they would provide it. Otherwise, they are using it and putting as many people as they can into the working program.

Mr. Saylor asked about the Confidence Clinic, and Ms. Gleason said there was a federal limit of 90 days that a person could be in the Confidence Clinic. She said they hoped to schedule it so that a person would only stay in long enough to get what they needed.

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**BRU: WIN (AFDC)**

# **AFDC SAVINGS**

**FY 74 TO FEBRUARY 1974**

**OFF AFDC**

**61 families**

**\$10,250 per month**

**STILL ON AFDC**

**87 families**

**\$7,876 per month**

**Over the next 12 months these  
148 families will not receive**

**AFDC \$123,000**

**AFDC \$94,512**

## **PROJECTED FY74 RESULTS**

**90 families**

**\$15,120 per month**

**132 families**

**\$11,880 per month**

**If WIN did not help these parents  
get jobs, FY75 AFDC payments would be  
higher by the following amounts**

**\$181,144**

**\$142,560**

**TOTAL \$323,370**

**Federal \$161,685**

**State G.F. \$161,685**

Mr. Saylor asked how long Oregon has had Confidence Clinics, and Ms. Gleason replied 3 to 4 years.

Mr. Warwick asked whether they had ever gotten a supplement of Title IV and XVI funds. Ms. Gleason explained that the 90% federal participation didn't come under the Title IV or XVI ceiling.

Mr. Warwick asked where the WIN offices were located, and Ms. Gleason said Ketchikan, Sitka, Juneau, Anchorage, Palmer, and Fairbanks.

Mr. Warwick asked who operated the Confidence Clinic. Ms. Gleason said it was not in operation yet, but the original plan is to contract with local school districts or community colleges for the majority of the service with heavy input from their own staff, the WIN/Labor staff, and other State agencies. She added that in Anchorage they are moving into new space which is large enough to house the clinic in their own office. The people there are starting to develop this with their own staff and using outside help. She said they had WIN coordinators in the State Central office and each of the regions who would probably be in charge of developing the Confidence Clinic package.

Mr. Warwick asked whether there were any statistics on the number of people who left the program and later came back onto the rolls. Ms. Gleason said they never had done that kind of statistical research. She said that it was true that some did come back, but she hadn't noticed a large number coming back.

Mr. Warwick asked how long WIN/AFDC had been in effect, and Ms. Gleason said it was established in 1968. Until July 1, 1972, the State itself had to operate the program.

Mr. Warwick asked whether they followed up on people after they left their rolls.

Ms. Gleason said that for 90 days after they start a job, they receive intensive follow up. Labor is then required to make contact after another 90 days, and again after 9 months. She said they were finding that they can't even find a large number of the people after that amount of time. The only thing they know is they are off AFDC.

Dr. Yankey noticed she had mentioned before that the Confidence Clinic in Oregon was enjoying a 90% rate in job placement or employment training. He asked if she had any idea how the 90% breaks out in direct job placement versus Vocational training. Ms. Gleason didn't know.

Dr. Yankey then pointed out that the Manpower Act of 1973 was going to change the Manpower Program. He said WIN would be impacted somewhat because it was Public Service Planning money. He asked if any joint planning had been done to maximize the federal dollars available.

Ms. Gleason replied there was joint planning continually between the two Departments. She added that Region X had promised them a copy of the Act, but they had yet to receive it.

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Dr. Yankey referred to Moyer's group. He said that some of the supplemental dates have come and gone for this fiscal year. He didn't know how one tied into that kind of vehicle.

Thirdly, Dr. Yankey said that federally there has been a real move to merge Labor and Community Services that they are administering. At the regional levels, they have already done this.

Ms. Gleason said that in Region X they have combined the Dept. of Labor specialist and the Department of Health & Welfare specialist into one unit. She said they had also merged into one unified office in Fairbanks and the one in Anchorage is planning to do the same thing. She said they expected it to increase the effectiveness of the Program and that would be a saving factor.

Mr. Milt Barker, Fiscal Analyst, noted that in the budget it indicated that due to federal cut-backs on the Labor side, WIN in 1973 didn't operate at full level and federal funding would limit the number of federal clients placed in jobs. He asked about the cut-back level.

Ms. Gleason said that was a national decision which effected every State in the U.S. as far as the WIN Program is concerned. She said they had been notified of possible cut-backs in this fiscal year--in fact, they were notified this month. She said the cut-backs were first thought to be quite drastic, but now they think it wouldn't be more than a 15% reduction of funds. She said that cut-back or not, the WIN Program will do the best it can. They are not going to drastically change plans. If it should mean there is not enough money for training, they will look for alternate sources of funding.

RECESS

Meeting recessed at 10:00 A.M.

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HOUSE FINANCE COMMITTEE

March 21, 1974

10:10 A.M.

PRESENT All members of the Committee except Representatives Meekins, Ferguson and Specking. Department of Health and Social Services People were present.

SOCIAL SERVICES Mr. Warwick, Chairman of the Social Services Category of the Budget, called the meeting back to order and said they would discuss Administration and Support, Family and Children's Services.

Adminis- Ms. Frieda Borchick, Administrative Officer, was present to testify.  
tration

& Support Ms. Borchick said this BRU is responsible for the administration of all  
Family & the Division's programs and provision of support for all the Division's  
Child- related activities, contractual, and fiscal matters; acts as the problem  
ren Ser- solving branch; works with the U.S. Department of Health, Education and  
vices Welfare, the U.S. Department of Agriculture and the U.S. Department of  
Labor in the administration of programs, and works with other State  
agencies. The Administration and Support Unit is responsible for the  
smooth operation of all office functions state-wide through the issuance  
of policies, and procedures, methodologies, data processing, statistics,  
and reports.

The budget is only maintenance at the present level. No new positions are included. General inflation will cause stifling effects on program operations in the areas of travel, commodities, and contractual services.

Mr. Warwick asked whether there was some type of formula by which federal funds cover administration. Ms. Borchick said there was more than one formula depending on the type of position that it was.

Mr. Warwick asked if any of the positions were in the new BRU. Ms. Borchick said that only one of the positions, a research analyst, was now working full time on quality control.

Mr. Warwick noticed that the Governor had cut contractual services in Field Support way down. Ms. Borchick said that historically they have run a deficit on this line item. She said that when this budget was prepared, the Division of Family and Children's Services apparently had a definition of maintenance that was different from other departments. This was learned later in the process after the budgets had been prepared.

Ms. Borchick said another factor was that a reduction was made to compensate for the Department not paying rent in the Alaska Office Building. They were going to be moving from the old Coast Guard Building, where they were paying rent, to the old State Office Building, where they won't be paying rent.

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Ms. Borchick said that as with anything else, there has been inflation to deal with in their budget. She explained that on a statewide basis, they do change facilities and increases have to be accounted for in their closed end appropriation.

Mr. Iverson stated that an example would be what had happened in Bethel. They were forced out of their building there, and in order to find another place, they had to pay more money. It was something they had no control over. One day they were served with an eviction notice and they had to negotiate for other space.

Dr. Yankey asked what the appropriate percentage of administration and support cost would be in relation to the rest of the Division. Ms. Borchick said it would be 4%.

Mr. Warwick noted they didn't even have enough money to meet the rent, let alone other expenses. Ms. Borchick said that apparently there was a means where they could show in the Change Column the amount needed and put the remaining in percent increase and bring the amount of more money. This was not known to them and historically they are always in trouble in line 300, expressly in this BRU. She explained there were 3 or 4 leases being negotiated right now with no set price on them. She said they were in trouble, and this has gone on for a number of years.

Mr. Iverson said the Division did have some flexibility in that other BRU's are run under Family and Children Services, and if these things take place, they can pick up so much of the deficit. However, he said it wasn't a good way to plan.

Mr. Warwick said that the total for contractual services was \$437,000. If they get the amount the Governor has allowed, they will still need another \$227,000 from somewhere else. Mr. Lang pointed out that that first amount related to the total rent, part of which is apportioned out to the Social Workers in the different BRU's.

Mr. Saylor commented that on page 567 of the red book, it shows they supply employee housing at 45¢ a square foot. Ms. Borchick said that the Division has one apartment in an ASHA building in Dillingham. He said that at the time the building was built, they couldn't keep an employee in Dillingham because of the poor housing. This one apartment has cut down on turnover drastically. He said the Department had set up housing rates, and he thought they charged the employee \$150 a month.

Mr. Saylor said the State was actually paying \$259 a month for rent and \$286 a month for utilities.

Mr. Iverson that in other areas, in order to provide office space, they had to lease houses and they have offices in the front and sleeping quarters in the back, and they split the cost with the employee. They are forced to do this because there is no housing available.

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Mr. Iverson reminded them that under the State Plan, they have to deliver services statewide. Somehow, they have to take services into these communities. He said they had a suit against them in court a couple of years ago because they didn't give food stamps out statewide. They hadn't had the facilities or the people. They were told to do it or they would be out of compliance.

Mr. Iverson added that in Valdez, they also had an ASHA apartment facility.

Mr. Saylor noted they were paying \$1,349 a month for 1,000 square feet. Mr. Haugen thought it would be a good idea to compare to what they could rent from the private sector.

Staff  
Devel-  
opment

Mr. Warwick said they would go on to Staff Development. Mr. Eric Hanson, Public Assistance Expert, was present to testify.

Mr. Hanson explained that under federal requirement, this unit is responsible within the Division for training activities which include in-service training, educational stipends, distribution of library and other training materials. Training of staff members, includes but is not limited to procedures, policies and methods and the orientation of new employees. It also coordinates the activities of the Division Staff Development with State Universities and other agencies.

The objectives are to keep the employees well trained and reduce job turnover. He said the program is directed towards all employees.

Mr. Hanson said the Governor has allowed \$703.9 for this BRU.

Mr. Hanson said that two newly negotiated contracts have been approved by the Legislative Budget & Audit Committee. The "Hard" dollars involved are 100% federal monies. Match requirements for these contracts are to be met with in-kind contributions.

Mr. Hanson said three different reports had been compiled telling them the training needed for their staff. He said 78 employees were upgraded this fiscal year, which means they have reduced staff turnover and improved the staff. At present, 378 employees are scheduled to participate in workshops once a month.

Mr. Hanson explained that the University of Utah provides Social Work Workshops. He said there are 72 employees presently enrolled in courses to improve job skills. In January, 10 employees obtained Masters degrees.

Mr. Haugen asked whether there was an ability to provide in Alaska, what they were getting in Utah. Mr. Hanson said they had contracted the U. of Utah to provide Masters Degrees which were not available in Alaska. He said they had determined that they could better spend the money on rural people, so they are bringing Utah here for the rest of the year. They are training our social workers in the bush area. They are providing workshops for former RASP workers who are now Public Service Aides in the bush.

Mr. Saylor said there were 7 stipends in operation. Mr. Hanson told him that the students received \$300 a month while in college. He explained they were budgeted for eight, but one student had just dropped out. He added they were planning to pick up three more this year.

Mr. Warwick asked if they could get credit for a degree under this program, and Mr. Hanson told him that the stipend program was a four year college program training basically Native people from the bush area. After four years, they will have a college degree, and will be hired back in the bush, where hopefully they will continue to remain.

Mr. Roger Lang pointed out that funding for three University Contracts comes from the University in the form of in-kind grants for overall administration. No State General Fund is going into match for these three contracts. It is Title IV and XVI under provisions for staff development so it is not the Social Services ceiling money.

Mr. Warwick asked whether their students pay tuition, and Mr. Hanson said no, that the tuition was funded entirely through contract. In effect, if a social worker in Fairbanks feels he needs up-dating, he can sign up for a course and the University will pay the tuition. The State pays nothing. Other aspects of the contract include specialized courses tailored to their needs and delivery on site for the employees.

Mr. Warwick asked if these courses were available to other students, and Mr. Hanson replied some were and some were not. Mr. Warwick then asked if a student had to be working for H&SS before he could take one of the courses. Mr. Hanson said yes.

Mr. Saylor referred to the stipends, and asked if there was any contractual obligation regarding graduation. He was told there was a provision in the contract for year for year work with the Division upon completion of the course. Mr. Saylor asked what happened when a student dropped out, and he was told there was probably some difficulty in enforcing it.

Mr. Warwick asked whether a person working for the Department got paid at the same time he went to school. Mr. Moyer said these people basically went to school on their own time, which is provided under the Staff Development mandates. They would go to night school.

Mr. Hanson added that some of the specialized courses are developed in Anchorage, and their entire eligibility unit is released for training 2-4 hours a week.

Mr. Warwick asked what they did about training in the bush. Mr. Hanson said that right now AMU is developing a delivery system for training in the bush. Ten days ago, they held a workshop in Bethel for all the staff in the area. They will be doing the same in Nome. No college credits are established for these courses.

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Mr. Warwick asked what people they were training. Mr. Hanson said that under AMU's program, they are training eligibility workers from the bush for all of the programs.

Mr. Warwick said that maybe they needed so many employees because all of them wouldn't be working, some would be going to school. Mr. Hanson said it was their policy now to allow two hours per week for training release time and no more than 6 days per quarter. So far, they have held it below that.

Mr. Saylor asked Mr. Hanson how long he had been aboard. He replied he had been hired in November.

Mr. Sayloers said that in FY 73 they had overexpended by \$119,000. He asked if they were planning to overexpend this year. Dr. Moyer said no, there would be no overexpenditure. He said RP 74-74 was approved by Legislative Budget and Audit.

Mr. Roger Lang said that the apparent overexpenditure in FY 73 was real in a Revised Program that went through and got put on the books with the same Revised Program for Title IV and XVI money. So the authorization was on the books although not in the proper BRU.

Mr. Hanson said they have some social workers in the Anchorage area taking graduate courses. Mr. Specking asked if the people doing graduate work were studying on State time. Mr. Hanson said they were night courses, and it was a decision of the employees themselves.

Mr. Specking asked if they were spending this contractual money to develop specialized courses so that social workers could get a masters. He asked if they were creating an educational system whereby a social worker could get a masters by contracting somebody to provide the course. Dr. Moyer said there was no Masters Degree program in Alaska. Mr. Hanson believed the graduate courses existed, and they were contracting to take advantage of them. He said they were not developing a whole new area through the contract.

Dr. Yankey has a series of questions. In December he was asked to analyze the contractual relationship in Alaska, and as a result he had directed three or four pages of questions to them. He thought that many of the concerns he had may have been corrected. He believed very strongly that the State should take federal dollars to do this. It is 100% federal, and the only cost to the State is administrative cost. His major concern was whether the State was getting what he should be getting. He wondered who was actually doing the training. He had a strong feeling that if it was the Division and its staff doing the training, they should be reimbursed.

Mr. Hanson said that for the eligibility workers, they have two kinds of training going on. One is in program operations, where the employees

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are instructed by staff. They ask the University to provide job related skills such as interview techniques, job communications, etc. So, their own staff is providing a great deal of training that their program operations need, and the University's are supplementing this with job related skill training.

Dr. Yankey said that copies of the contract show \$580.08 spread out over Alaska colleges. Mr. Hanson said that the U. of A. and each of their campuses has a provision for delivery of services.

Dr. Yankey asked if the figures he had were correct:

U. of A. - Anchorage University	\$056,948
Anchorage Community College	<u>\$168,304</u>
	\$225,252
Direct Costs for their part of the package	\$243,272
U. of A. - College Campus	\$182,106
Southeast Region	42,485
Alaska Methodist University	\$108,145

Mr. Hanson told him the only thing that has changed is those amounts of money for each unit of the University have been reallocated in some instances to better meet the needs of the Division. The Total amount is not changed.

In answer to a question from Dr. Yankey, Mr. Hanson said that through a joint effort of AMU and the Division, they have found their first priority is in program operations and that the most needed job related skill training is interviewing techniques in which the businessmen and they have seen a need for in certain areas.

Dr. Yankey asked if this was directly related to quality control error reduction, and Mr. Hanson said yes.

Dr. Yankey asked about the personnel proposal, and Mr. Hanson said it was an educational background proposal which gives an indication of the professional level of employees.

Dr. Yankey said something had been said earlier in the discussion which needed clarification for the Committee. The fact that all of these kind of contracts are in jeopardy was what he was talking about. He said HE&W has already stated all such contracts will not be acceptable this coming year. In the future year all social work programs will be short term, non-degree programs. So, the stipend contract is in jeopardy. He said Sen. Gaylord Nelson has an amendment to HR 3153 that would say it would be appropriate for States to authorize this money and mandate the federal governments to allow the State to use it for the contracts it now allows. If that amendment doesn't come out, there is considerable reason for this type of contract to be in jeopardy. No one knows what is going to happen. It is in Free Conference Committee now.

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Commissioner McGinnis said that knowing this, they have asked their office staff to contact the Alaska Congressional Delegation for their reading on how it is coming. He said for a variety of reasons they really need to know what is going to happen to that bill. It will make a lot of difference as to how they will go.

Dr. Yankey said that a point of interest might be that he had gotten his education on a stipend from the Department of Public Welfare. He committed two years for every year he was away. He said that what was happening in many states was they were moving away from using this money to train social workers. They are using it to train accountants and Public administrators and physical therapists...which are other things which Public Welfare agencies need. He said that Alaska with some of the manpower shortages it has may wish to use other stipend programs.

Commissioner McGinnis passed out Document# HFC 5 to the Committee. See Attachment I of these minutes.

Office of Mr. Warwick said they would go on to discuss the Division of Alcoholism.  
Alcohol- Mr. Charles Ramage, Coordinator of Alcoholism.  
ism

Mr. Ramage said the Office of Alcoholism has the responsibility to coordinate the development of a comprehensive State Program dealing with the prevention, treatment, and restoration of those afflicted with alcoholism and to reduce alcohol abuse. The Office has developed a State Plan that shows what endeavors it feels are necessary for best accomplishing that. The thesis of the plan includes a model containing five work areas of effort: 1) prevention, treatment, and restoration programs; 2) delivery of services; 3) special problems; 4) research and training; 5) administration and management. The Office, in keeping with the expressed interest of the State, provides no direct services, but utilizes Grant-in-Aid mechanism to develop the work areas.

Mr. Ramage said there is a staff of ten people at present. The component elements are at a maintenance level with no changes other than normal inflation.

Mr. Ramage said the Office of Alcoholism developed during FY 73 an equitable and comprehensive prevention treatment and restoration program. Delivery of services will be accomplished through a newly developed regional and districting concept developed around the existing State transportation net. An examination of the contemporary transportation net identified 22 centers which act as collecting points for the surrounding communities, each of these District collecting points relates to each one of the three major Regional Centers (Fairbanks, Anchorage, and Juneau), using cost effectiveness as the rationale. Inasmuch as travel is the largest single cost involved in implementing a comprehensive program of this type, cost effectiveness as mentioned in its present contexts alludes to the optimum expenditure return based on existing transportation in relation to areas suitable for potential programs. Briefly, three major regional centers (Fairbanks, Anchorage, and Juneau) would have comprehensive programming. The Districts would have minimal programming commensurate with their needs and their ability to support the same. The

small communities and villages within a District would relate to a designated District Center, if services were required that the District Center could not provide, then help would be sought for at their Regional Center.

Mr. Specking asked if the Committee could have a breakdown on where they intended to put all of the people. Mr. Ramage said yes, he had a sheet which showed contracts and grants approved, and he would see that they had copies that afternoon.

Mr. Warwick noticed they were using mainly Title IV and XVI monies. He asked what the other sources of federal funding were. Mr. Ramage replied that the main other source of federal funding was from the National Institute of Alcohol Abuse and Alcoholism. He said NIAAA was providing a \$200,000 grant; there was a \$50,000 occupational grant to fund an occupational program specialist; and also a tentative grant for a maximum of \$278,000 for special projects.

Mr. Specking asked whether they had ever thought about alcoholics providing the money by asking for an additional tax on alcohol. Mr. Ramage didn't know of any such plan.

Commissioner McGinnis said it might cause a problem relating to the amount of State income into the State treasury. There was already \$5 million worth of taxes to the State from alcohol each year.

Mr. Saylor noticed that in FY 73 they lapsed \$632,000 of federal monies and not a dime of state monies. Mr. Roger Lang said that in FY 73 a ceiling was placed on Social Services Title IV and XVI monies and so even though the Office of Alcoholism was authorized to spend the money, because of the ceiling placed on the total dollars put into the State, they didn't spend the federal dollars. They weren't coming in, and that is why they lapsed.

Mr. Barber asked whether there was any indication at the current time of a tendency of the federal government to increase participation in the future. Mr. Ramage saw a tendency to increase. He said that NIAA was one of the agencies involved in the impounding of funds. He said there was a good chance that funds would increase up through FY 77, or at least remain the same.

Mr. Warwick said that if they took money out of Alcoholism, they could spend it in other areas--conceivably areas where they are now spending State funds. This would give argument to raising taxes on liquor to pay for alcoholism.

Mr. McGinnis agreed that they could then use the Title IV and XVI money for other Social Services.

Mr. Warwick asked whether they were curing anybody. Mr. Ramage said yes, and added that at present curing is defined as stopping a person from drinking, which is really arresting alcoholism. He said he would have a full report in May. He said that roughly 35% of the cases admitted to the Detoxification centers are repeaters. This is a problem they

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are just now realizing. He said that some of their programs are getting loaded with repeaters, and this was a very serious problem.

Mr. Specking asked how communities applied for grants. Mr. Ramage said they had a grant application packet. The communities send in the applications, and their office processes it. They have grant applications from almost every major community. Most are for continuation of grants and he said they send applications to those communities who don't have them. Grants have to be in by April 8. The Office of Alcoholism review them and takes recommendations to the Governor's Advisory Board which in turn makes recommendations to the Commissioner.

Mr. Barker asked whether in the areas where Title IV and XVI were budgeted for Personal Services, salary increases were reflected.

Ms. Lloyd said no.

RECESS Meeting recessed at 11:45 A.M.

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ATTACHMENT I

## STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

POUCH H-JUNEAU 99801

## SOCIAL SERVICES FY 75 FUNDING REQUEST

SCHEDULE OF TITLES IV AND XVI CEILING OF \$3,901,700BUDGETED FY 75

## PROGRAM SERVICES:

Homemaker	172.5	
Day Care	296.3	
Other Services	<u>7.1</u>	
SUB-TOTAL		475.9
ALCANTRA (Budgeted)		292.6
SOCIAL SERVICES		1,189.2*
ADMINISTRATION AND SUPPORT		446.4*
PIONEERS' HOMES		
Sitka	116.3	
Palmer	105.4	
Fairbanks	<u>75.7</u>	
SUB-TOTAL		297.4
ALCOHOLISM		1,065.6
ADMIN. & SUPPORT (Dept. & Statewide)		<u>200.0</u>
TOTAL		3,967.1

\* A total of \$1,635.6 for personnel and related costs; approximately 80% is for personal services; apply a 5% reduction as a reasonable amount for the Vacancy and Turnover Reserve. This computes to an amount of \$65.4 as an approximation of nonexpenditure for personal services. Therefore, the total of social services funding appears to be overstated by the \$65.4 amount.

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AFTER RECESS  
March 21, 1974  
Thursday  
1:35 p.m.

Present: Committee members Freeman, Warwick, Haugen, Saylor, Barber; Legislative House Finance Consultant for health and social services, Dr. John Yankey; House Fiscal Analyst, Milt Barker; Rep. L. Wilson; Budget & Management Analyst, Mike Orelove.

From the Department of Health and Social Services: Dr. Fred McGinnis, Commissioner; Mary Beth Hillburn, Coordinator, Office of Drug Abuse; V. L. Iverson, Director, Administrative Services; Maurice Plotnick, Coordinator, Office of Aging; Roger Lange; Cathy Lloyd.

Mr. Joe LaRocca of the press was also present.

SOCIAL  
SERVICES

The meeting was called to order. The Committee considered the FY 75 budget for Drug Abuse.

Drug Abuse

Ms. Mary Beth Hillburn told the Committee that in April of 1973, the Office of Drug Abuse received \$500,000 in grants for the treatment and rehabilitation programs. An Advisory Board was being formed at that time, and with its formation and the new funds, it was very difficult to get those grants out to the communities; as a result, Ms. Hillburn said they did not do too well last year--not as well as they expect to do this year.

Ms. Hillburn said that through the Advisory Board and the Commissioner's recommendation, the Office of Drug Abuse funded 12 programs in five Alaskan towns as follows:

Angakok Foundation, Inc. in Anchorage (methadone).  
\$110,629 in funds; serving 104 clients on maintenance and detoxification levels; \$709.15 per client.

Anchorage Family Treatment House  
\$93,586 in funds; 76 clients (unduplicated), at cost of \$24.84 for a 24-hour day.

Alaska Children Services.  
\$34,410 at \$24.60 per day for each of 21 clients.

Open Door Clinic  
\$33,680; 327 people (drug problems); 180 people (alcohol related problems); total number of clients unduplicated--6,369; \$3.27 per client.

Fairbanks Island Program  
\$8,371; approximately 55 clients during the year.  
\$62.83 per client.

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Arctic Cache

\$24,200 in funding; cost per client is \$49 per month;  
21 unduplicated clients.

Methadone

\$35,000 in funding; funds received at a late date, and  
no coupons to distribute yet, therefore no clients yet.

Fairbanks Native Association

\$11,695 in funding; 50 clients; \$117 per client per year.

Bethel Crisis

\$25,200 in funding; 47 reporting; \$89.36 per client.

Nome Treatment House

\$62,450 in funding; 1,032 clients contacted but not  
necessarily unduplicated. \$46.00 per client. There is  
an unduplicated case count of 82, but the Office of  
Drug Abuse feels that the count is actually higher than  
that.

Ms. Hillburn told the Committee that they are trying to find how many people have drug-related problems. If 9/10 of the caseloads are alcohol-related then the Drug Abuse Office should not pay for more than 1/10. She stated that they are currently trying to document this situation, and attempt to distinguish the drug problem from the alcoholism problem.

Ms. Hillburn said that in the Open Door Clinic in Anchorage, they pay only for the drug related problems.

Ms. Hillburn continued with her breakdown of the \$500,000 in funding that the Drug Abuse Office received:

Family Services of Juneau

\$11,000 in funding; just commencing; no statistics.

Greater Anchorage Borough

\$4,200 in funding; over the next two month the GAAB will  
evaluate various programs.

Ms. Hillburn then stated that \$18,000 was also funded (as interim funding) for various programs already started in Anchorage, such as the Langdon Clinic. The Office of Drug Abuse funded no new programs. She added that \$1,600 went for the purchase of an alarm system for the Langdon Clinic. The alarm was needed to comply with federal regulations of security. She stated that the Advisory Board felt that the only apparent problem in having the Clinic get underway was the lack of security. The Clinic did not have funds at that time to purchase the alarm which is on loan from the state and is recorded as state property.

Rep. Warwick commented that the programs listed above amount to \$497,000; he pointed out that the total appropriation was \$687,000. Ms. Hillburn said that the difference in figures was caused by the

remaining portion going to the Ombudsman program which provided drug prevention programs in the state dormitories. When the dorms closed, the grant went back to SRS.

She then stated that the money could probably have been reprogrammed into dormitories used by SOS, but the state dorms did not close until late last year. If the Office of Drug Abuse wanted the money they would have to develop new grants and a program and have appropriate staff. Rep. Haugen asked if that grant is being given to a corporation instead of the state. Ms. Hillburn replied that she did not know. Commissioner McGinnis said that to his knowledge, the grant is not being given to a corporation.

The Department of Health and Social Services offered all their help to whomever might be interested in developing the grant, but the department simply could not administer the grant this year. They do feel that the Ombudsman program is worthwhile, but no one wants the responsibility of working out the details. Health & Social Services had offered their help to the Department of Education.

Rep. Haugen asked if there is a "hardcore" drug problem in the bush areas of Alaska. Ms. Hillburn said that in Nome and Bethel for the most part there is a combined problem of drugs and alcohol. Individuals will take amphetamines, over-the-counter drugs, and take them with alcohol.

Ms. Hillburn provided the Committee with background on the Ombudsman program. She stated that when she visited various dorms in Alaska (in the bush areas) she found there was little communication between dormitory aides and the young residents. The Office of Drug Abuse had hoped that this grant would provide an Ombudsman who would act as an intermediary in school system problems and in interpreting feelings of the residents and the aides.

Mr. Roger Lange told the Committee that \$90,000 of Titles IV and XVI were available from the federal funds as well as \$15,000 as special federal project money; with the ceiling being placed on social services, that \$90,000 has been reprogrammed throughout all social services. He stated that only the special federal funds of \$15,000 were lost in the Ombudsman program.

Rep. Warwick asked if the money for that program could not be used in the rest of the programs outlined previously. Ms. Hillburn explained that the Ombudsman program was a prevention program, not a treatment or rehabilitation program. The program was also a demonstration project where 25% of the funds had to be put into evaluation of the program.

The total amount of money originally coming from the federal government (that they were going to provide) was: \$90,000, \$15,000, and \$17,000. Ms. Hillburn said that had the program not changed as far as the shutting down of dorms is concerned, the Ombudsman program would have continued.

Rep. Warwick then asked if any thought had been given to consolidation of the drug abuse and alcoholism offices. Ms.

Hillburn said that they are now working on several ways of bringing their services together, and are definitely looking in that direction. Functions must be defined before such a consolidation is made.

Rep. Warwick asked that the Committee be provided with an explanation regarding the trouble involved with the Anchorage methadone clinic. Ms. Hillburn explained that methadone is just one medication program. A nurse deals daily with dangerous drugs, but methadone requires a simple procedure of administering and dispensing. Ms. Hillburn stated that methadone is still a narcotic, however, and can be dangerous to people who have not built up their tolerance to it; dispensing of the drug requires careful record-keeping and respect. All hospitals count their supplies of narcotics three times a day; there must be good sound medical techniques for handling this medication program. Ms. Hillburn said that several times she found that the method of handling this program was not satisfactory or safe.

Ms. Hillburn visited the Langdon Clinic (the clinic referred to above by Rep. Warwick) last April and saw 1,000 cc's of methadone left lying on a table. Para-professionals were pouring and dispensing the drug to clients which is against all regulations. The security procedures there were "very bad". Ms. Hillburn said that after that visit, specific recommendations were made by the Department of Health and Social Services to change the situation; she felt that little effort was being made in that direction.

Ms. Hillburn said that the methadone clinic is still in operation. She then stated that the Advisory Board wants an evaluation of every program in order to make refunding decision. Ms. Hillburn said that the Langdon Clinic informed the Advisory Board that they could make their evaluation, but the Clinic would tell the Board what they could and could not look into for evaluation purposes.

Rep. Warwick asked if the methadone program there is successful. Ms. Hillburn said that it would depend on the definition of the word "successful". She said that the Clinic had told the state agency that there were 300 detoxification patients and 100 patients on the maintenance program. Rep. Warwick stated that the department must have a basis on which to determine whether the program is a success before more money is funded to the program. Ms. Hillburn did not respond immediately to the question; she did say that there is a large population of Negroes in the Anchorage area which are addicts. She said that she felt the program should be closer to that population. Access to the program should be made easier.

Rep. Warwick asked how much was given to the Langdon Clinic for the last fiscal year. Ms. Hillburn replied \$110,629. She added that they will not give them a like amount this fiscal year.

At this point, Commissioner McGinnis asked that he be able to present pertinent testimony on this subject. He said that in 1972, the FDA inspection pointed out problems in the Langdon Clinic

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but had done nothing about the problems. In April, the state staff found the same problems and did nothing. At a later date, the question arose as to whether the state would give formal approval for the program. (The Department of Health and Social Services had kept approval of the program in abeyance until they saw improvement in the program.) Commissioner McGinnis said that the clinic at this time had already told the department that they had installed the security alarm system in the clinic. Later, a theft was reported in the clinic. Nothing was said to the police authorities for 24 hours; the Department of Health and Social Services was not informed of the theft for several days. Commissioner McGinnis wired the clinic voicing concern over the fact that the department had not been notified, and the clinic replied by wire saying that it was not the business of the department to interfere; they had reported it to the authorities, however.

At this time, Commissioner McGinnis wired the FDA and asked that interim program approval be withdrawn; state funding would then be terminated within 30 days. Langdon Clinic got a restraining order; after which time they requested a hearing before the Commissioner made his final decision of approval; they requested that an evaluation be made by a doctor (medical) who was impartial to the parties involved. Commissioner McGinnis complied; a medical doctor from Denver who was acceptable to the state and to the clinic made an evaluation of the clinic's program. His report stated that if federal authorities fail to terminate the Langdon Clinic, they would be remiss in their duties.

Langdon Clinic again asked the department to wait for thirty days before making any formal decision. By that time, the FDA would have made another visit to the clinic. The department extended the period to 30 days. The FDA report that followed was the most devastating report made. The report cited nine violations of federal regulations. The report stated also that it would be possible for someone on the premises to become addicted or overdosed.

Commissioner McGinnis then said that at that time he announced that he would not approve their application; he cited all appraisals done by the FDA, the state, and the Denver physician. The Anchorage borough gave the department 20 items that were federal violations in the Langdon Clinic. The Department of Health and Social Services told the clinic that it was operating on interim federal approval and would not receive state formal approval.

Commissioner McGinnis said the clinic will try to be funded again. He said that he had told the Committee on Health & Social Services and Education of the Alaska Legislature this session that the state does not plan to fund the clinic after June 30, 1974 (or approve the program). Comm. McGinnis said that he told the Committee this following testimony provided to the Committee by representatives of the Langdon Clinic.

Commissioner McGinnis said that legal action is still pending over this issue. The Langdon Clinic claims that they are actually