

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2564

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.

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

**& Support  
Family &  
Child-  
ren Ser-  
vices**

Ms. Borchick said this BRU is responsible for the administration of all the Division's programs and provision of support for all the Division's related activities, contractual, and fiscal matters; acts as the problem solving branch; works with the U.S. Department of Health, Education and 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  
Development

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.

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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 budget 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 realigned 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 courses. 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	\$168,304
	<u>\$225,252</u>
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 kinds 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.  
.sm

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 intent 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

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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 provide 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 reviews 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.

# STATE OF ALASKA

WILLIAM A. EBEL, GOVERNOR

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

POUGH H—JUNEAU 99901

### SOCIAL SERVICES FY 75 FUNDING REQUEST

#### SCHEDULE OF TITLES IV AND XVI CEILING OF \$3,901,700

#### BUDGETED 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)

200.0

#### 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.

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

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

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a hospital, and before you can cut off funding or "disapprove" a hospital program, an administrative code hearing must be held. Commissioner McGinnis then said that he did not think that the clinic is a hospital. He then said that the clinic asked for one permanent restraining order and two temporary restraining orders.

Commissioner McGinnis told the Committee that they extended the funding because there was no other drug program in the Anchorage area, they notified the borough of Anchorage and told the borough to plan for a methadone program which could be approved.

Rep. Warwick asked if the state is still administering the program. Commissioner McGinnis replied that it is through June 30, 1974. He added that the clinic had told the FDA that they could operate without state funds.

Rep. Warwick then asked the Commissioner if he was going to shut the clinic down. Commissioner McGinnis said it is a legal question surrounding the issue. The federal regulations state that the methadone program should have state approval to get a federal license, and after that, a hearing process. He said the fact is, a hearing does not mean they can give approval over the state's objection, but without approval, the Commissioner of the FDA can override the objection if any decision is made over the federal regulations.

He stated that if the state takes action based on state law, they will not touch the decision made, but if it is based on federal law, it is then a different situation.

Dr. McGinnis said that the clinic called back the FDA to have yet another (the fifth) evaluation. The team states that it appears that the clinic looks as if it is complying substantially. Commissioner McGinnis said that if this were any other social services program, he would grant approval, but because the department has no confidence in the way the program is being administered, his answer is that he will still not give approval.

Dr. McGinnis told the Committee that the department has had more trouble with the Langdon Clinic more than all other social services programs put together. There is no indication that the Langdon Clinic is showing a willingness to cooperate. The Langdon Clinic feels that the Department of Health and Social Services is intruding. Commissioner McGinnis said he will not send anymore teams to the clinic or perform anymore evaluations on the clinic.

Unless some compelling new feature arises, the Commissioner's answer to approve the clinic will be "no".

Rep. Haugen then asked how many hardcore addicts were in the Anchorage area. Commissioner McGinnis said that would depend on the definition of the word "addict", but police stations and the Langdon Clinic say there are anywhere from 300 to 500 addicts in

Anchorage. The Office of Drug Abuse feels that number is an overstatement. He said that one concern the department had was that the last time the FDA visited the Langdon Clinic, only 28 people were in the program; all 28 were at the maintenance level. No one was on the detoxification level or waiting to join the program. The Commissioner called the Mayor and the Assistant Attorney General and told them that he felt that if the Langdon Clinic was, in fact, serving only 28 people, then there was still a tremendous need for the other drug addicts in the area to be treated and rehabilitated. He asked the borough what plans it had to meet this need. The Public Health department of the borough answered generally but did not want to get into such a controversial area. Commissioner McGinnis told the Committee that either the borough must work with the problem or the state must do something. In a letter to the Health Department and the Mayor of the borough, Commissioner McGinnis advised them the borough should develop a program before July 1, of this year to address the problem.

Commissioner McGinnis said he suspected that there were about 100 "hardcore" addicts in the Anchorage area.

Ms. Hillburn told the Committee that 104 people using drugs had backed off the program for various reasons. The patients are monitored to see if they are taking any other drugs. If they are, they are taken off the maintenance program. Rep. Haugen asked what then happened to the individual. Ms. Hillburn replied that the individual goes back out onto the street. She stated that the individuals now on the maintenance program are "clean" except for methadone.

She added that the cost of methadone per day is cheaper than the cost of heroin. Many people on the methadone program are now employed and are productive members to society.

Rep. Warwick asked when the "needs Study" for which \$56,000 was allocated for last year would be published. Ms. Hillburn stated that it will be submitted to the Legislature April 15; it will show programs such as prevention through education, crisis service, youth recreation programs, treatment, rehabilitation and training programs; all are needed. Rep. Warwick asked if any of these plans will be implemented. Ms. Hillburn said that the first priority is to maintain the ongoing treatment programs which demonstrated that they are meeting a need. She then said that they will expand services as funds become available.

Ms. Hillburn told the Committee that a special action office was created by the President which permitted particular powers of picking money out of any organization that had drug funds. At that time the drug crisis situation had tapered off, and now upon approval of state plans, certain funds will become available. She said that HEW will give Alaska \$50,000 next year.

When questioned by the Committee about \$682,800 in federal funds being lapsed in FY 73, Commissioner McCinnis and his staff said that they had not lapsed anything at all; the Committee must be thinking of those Title XVI and IV funds which the department did not get.

The department told the Committee that there are two appropriation bills introduced this year (generating from both houses) which show that the need is greater than this budget request reflects.

Ms. Hillburn then said that during the last week of April she will revisit every program throughout the state which is funded; she will make recommendations as to whether that program should be refunded again or not. Even with funds available, some programs may not be continued.

Rep. Warwick asked if the University of Alaska is getting any money for their drug seminars. Ms. Hillburn replied that they are getting very little. She said that her department pays for one person's travel to help with the social seminar workshops. The U.S. Office of Education pays expenses.

Ms. Hillburn said that there is a consortium called "Awareness Associated" which would like to plan money for anticipated pipeline impact before problems regarding drugs hits the state. Rep. Specking asked Ms. Hillburn's opinion of this group. She stated that the group had not planned a budget as yet, but their objectives are worthwhile. She then said that she would have to use the same criteria for judging this program that she used for evaluating other programs, but she had not had time to do so yet.

Office  
of  
Aging

The Committee then considered the Office of Aging FY 75 budget request. Mr. Maurice Plotnick, Coordinator of the program was present to testify.

Mr. Plotnick stated that the Office of Aging primarily receives \$1 million in federal funds under two federal laws; in addition to implementing those laws, they are now to receive \$160,000 from the federal government to administer the program. The biggest difference now is the receipt of \$492,000 to implement Title VII (Older Americans Act) to provide one hot meal per day not less than five days a week, for anyone 60 years of age or older.

Federal regulations call for not less than 100 meals per day being served. This will limit the program only to Anchorage and possibly Fairbanks, but Alaska received an exception to that so only 50 meals per day have to be served.

Mr. Plotnick said that they received their money in October, and three grantees were awarded in December of 1973, therefore there is only an experience factor of two months. The grantee for Anchorage is the Salvation Army; The City of Fairbanks turned

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over its award to the North Star Council on Aging; the Southeast Catholic Community Services is the grantee for Southeast Alaska, encompassing programs in Juneau, Angoon, Tenakee Springs, Sitka, Ketchikan, and Metlakatla. Mr. Plotnick said that they do not have "perfect" figures now on how many people are being fed each day, but they do have a cumulative figure for each week. He stated that many of the communities in this program had to purchase equipment, etc. and thus commenced this program a little later than others; the Office of Aging obtained a 90-day extension from the federal government.

Mr. Plotnick said that no FY 74 money had yet been received; they were still spending FY 73 money.

He stated that there is a new thrust in federal laws which states that communities must have transportation, health care delivery, legal services, longevity bonus programs, etc. for the aging.

Mr. Plotnick said there was a program funded last year for the City of Anchorage which reimbursed people 75¢ for the use of a cab to get to the nearest bus depot. Mr. Plotnick evaluated the program last week and ironed out the problems; they were only serving 250 non-duplicated persons per week.

The Office of Aging is also an information service which answers questions regarding Pioneer Homes, the longevity bonus, medicaid, etc.; the office then refers individuals to the proper services.

Mr. Plotnick then told the Committee that the services in Angoon and Tenakee Springs had not yet begun; he said that he did not know how the food will be prepared or administered, but in those two communities trailers have to be put in to provide a congregate feeding situation.

Rep. Specking asked if federal regulations required the purchasing and establishing of stainless steel kitchens and expensive equipment. Mr. Plotnick stated that the only grantee that has had to purchase equipment has been the Salvation Army in Anchorage. The intent of the program is to have catered meals.

He stated that Nome, Copper River and Kodiak will all use the school system facilities for this program. He added that the problem or difficulty is that the school system lunch program does not lend itself to the dietary needs of the elderly.

Upon investigation, it was found that Tenakee Springs has the largest percentage of population of 65 years and over (50%).

Mr. Plotnick then informed the Committee that the allocation for FY 74 will be as follows: \$492,000 under Title VII; \$380,000 under Title III; \$160,000 Administrative Costs.

Dr. Yankey asked when the Office of Aging will be notified as to the release of the FY 74 funds. Mr. Plotnick stated that he could not even guess, but the funding has appeared

in the HEW and Agricultural budgets.

Mr. Roger Lang told the Committee that because the granting process for the nutrition program was late in starting, the FY 73 funds were awarded to the grantees late in the year. Those funds can be granted for a full year period; therefore the grantees are funded FY 73 funds and are spending those funds in FY 74. FY 74 money will lapse into FY 75. Money is available, but the state has not generated enough grantees to go into FY 74 funds yet. The federal funds come as reimbursement for expenditures; the money is not available prior to expenditure.

Dr. Yankey asked if the government's donate food program is being programmed into this program. Mr. Plotnick stated that it was; the Salvation Army is using surplus food commodities in Anchorage. Fairbanks is not yet using them. Food Stamp coupons will be available for use for senior citizens in home delivered meal service, but in this program the Food Stamps will be used at a congregate feeding site.

Dr. Yankey asked Mr. Plotnick about that model demonstration out-reach program. Mr. Plotnick stated that there was such a program in the Copper River area before he worked for the Office of Aging. The program is funded by the federal government and operated by social services of that particular Native corporation. The out-reach program is extending services from Glenallen to Valdez.

Mr. Plotnick said that transportation is the key ingredient for programs for the elderly.

Rep. Warwick asked if there was a possibility that any of the programs will be discontinued. Mr. Plotnick stated that he did not know what the plans of Congress are. The feeding program, however, will be difficult to cut out in terms of numbers. The funding source is for food and the funding for transportation is ancillary to the food. Mr. Plotnick stated that he felt the program would grow in scope.

Recess: There being no further questions or discussion, the Committee recessed at 2:50 p.m.

**After Recess**

**3:00 p.m.**

All members were present with the exception of Mr. Ose. Also present were Representative Wilson and, from the Department of Health and Social Services, Commissioner McGinnis, Cathy Lloyd, Comptroller, V. L. Iverson, Director of Administrative Services, Roger Lange, Deputy Director of Administrative Services, and Mike Orlove from Budget and Management.

Chairman Freeman called the meeting back to order. The committee continued their review of the Social Services budget, beginning with Administrative Services. Ms. Lloyd noted that there are four new position requests, all of which were allowed by the Governor. (One of these positions - the Clerk Typist III - has been a part-time position and is changed to full-time.) Ms. Lloyd said that these positions are necessary. The federal reporting section is an important one. The federal government has shifted into a high period of audit, and it has become increasingly important that reports be both timely and accurate. It is through the reporting section that the funding comes.

Mr. Iverson mentioned that in the last year to 18 months, they have experienced a complete change of attitude in the federal government. They have hired on about 700 CPA-types to see that the federal government programs are strictly adhered to and to recover what the government has been losing from programs not being run strictly according to regulations.

Mr. Saylor asked about the Arthur Anderson report mentioned in the budget book. Mr. Iverson said that that was a paper study, funded through the Department of Administration. This was not paid for by Health and Social Services, but they used their agency for the study as it is such a large one.

Mr. Warwick asked if there are not some exemptions pending, and Mr. Lange said no, because they have not been audited since 1968. He said that they have been reviewed, however, and have found some errors needing adjustment. Mr. Warwick asked what they are, and Mr. Lange said that the major one is \$1 1/2 million. This was an overclaim for the indirect costs for three and a half fiscal years. Mr. Warwick asked how this will be made up. Mr. Lange said that there was \$1 1/2 million encumbered out of the otherwise lapsing FY73 funds for this purpose. Mr. Iverson noted that the exact figure owed has not been established. They are hoping it will be less than \$1 1/2 million.

Mr. Iverson brought up the new requested BRU for a Quality Control and Collections program. He said that at the present time these efforts are an integral part of the Family and Children's Services Division, and there are some problems with having this regulatory function being part of the agency. He said that this function should be under the highest level of organization in the

Admin. &  
Support

Quality  
Control and  
Collection

Department, that being the Commissioner's Office. He mentioned that they do have fraud investigation activity going on at this time. There are two eligibility workers in Anchorage working on this. He said that he does not know to what extent there is fraud, but there is certainly some.

Explaining further the request for the Quality Control and Collections Program, Mr. Iverson said that they would be taking current positions and the functions and monies connected with them and would also be prioritizing and taking some requested new positions from various BRU's. Thus it will not increase the Governor's budget. They would anticipate that through efforts of this unit, greater recoveries of funds due the state will be made, and a reduction of expenditures in categorical grants through improvements developed by their reviews and recommendations should occur, also.

Explaining further some of the need for a Quality Control and Collections Agency within the department, Mr. Iverson pointed out that in comparing Alaska's error rate with those of the other 53 states and jurisdictions, Alaska ranks 49 in ineligible and 16 in overpayments. Under federal mandate, error rates must be reduced by one-third each six month period beginning January 1, 1974, or fiscal sanctions will be taken.

Mr. Saylor noted that the travel budget seems pretty large. Mr. Iverson felt that this is necessary.

The total cost of this will be \$406,000. A majority of this will come from other BRU's. Funds still required from the state will be \$29.6 thousand.

Mr. Specking asked about collections. He said that he understands there is a large number of accounts due at API, and he wondered if this agency would have anything to do with that. Mr. Iverson said yes, it would.

Mr. Warwick asked who will head this agency, and Mr. Iverson said that they have taken an existing position of Eligibility III and upgraded from an 18 to a 22. This would be the head of the agency.

There was some question about the \$29.6 thousand which is not funded in the proposed BRU, and Mr. Iverson said that this will come from other BRU's and not from the general fund; that is, they are not requesting any more money.

Mr. Barker asked what they will be doing for the Medicaid Program. Mr. Iverson said that at this time, Quality Control under Medicaid is not mandatory although it is available under 14.

There was more discussion on the proposed BRU and once more, Mr. Iverson mentioned its importance and the fact that it will take no more money than is already in the Governor's budget.

Meeting recessed at 4:00.

After Recess  
4:05 p.m.

Present: All members were present with the exception of Reps. Ose, Ferguson, and Barber. Also present at this time were Dr. Jerry Schrader, Director of Mental Health, other Mental Health personnel and Joe Sonneman from Budget and Management.

Subcommittee chairman Specking called the meeting back to order at 4:05 explaining that the Committee would now review the Mental Health budget.

Dr. Schrader said that the Mental Health budget the last few years has increased at a low percentage. 3.8% is the projected increase for this year and FY 74 increase was even smaller.

The major changes in the budget are for the Psychiatric Security Program at API, and for plans to move Alaska's mentally retarded children presently taken care of in Oregon back up to Alaska.

Mr. Specking noted the request for a credit manager at API and asked what this position is for. Dr. Schrader said that last summer following an extensive audit of the facility and extensive discussion and review the Division of Mental Health was charged with the responsibility of developing an "ability to pay" system and a collections system. Statutory requirements for those systems has been there for many years. They are now putting that into effect. They feel they need someone with collection experience in this. It turns out to be a rather complicated process and one that needs some experience other than what Mental Health can now provide.

Mr. Specking mentioned the public exposure recently over the large number of accounts unpaid at API. Dr. Schrader said that that is true but that on many of those accounts ability to pay has not been determined and so what they can collect on will really be less than what is recorded as owed. After further discussion, Dr. Schrader explained that the situation is that under statutes, patients pay under an ability to pay system. Therefore, full costs of services cannot be expected. They take the adjusted gross income plus assets, and apply a complicated formula (relating among other things to number of dependents) in order to determine ability to pay. He said that for a family of four, the actual liability is \$400 out of an annual \$15,000 income.

Mr. Haugen asked how they handle public health people. Dr. Schrader said that they would identify ability to pay and act accordingly. Mr. Haugen wondered if BIA for example wouldn't pay for some of this. Mr. McLean explained that there was a federal law passed transferring the Mental Health functions to the state of Alaska, totally. In response to further questioning, Mr. McLean said that previously the Native Health Service traditionally did not handle mental health but it was handled

through BIA or the Morningside contract. Now it is all the state's responsibility.

Dr. Yankee noted that the emphasis in Alaska Mental Health seems to be toward institutional care and he questioned this. Dr. Schrader said that the statutes set it up this way and this is one reason he is supportive of HB 549 -- it is a move away from the institutional approach.

The committee briefly looked through the API BRU's. Taking a look at Harborview, Mr. Specking asked about the positions that were requested but disallowed by the Governor. He particularly was curious about the groundsman since the last he knew of, there were no lawns. Dr. Schrader said that the grounds have now been fixed up.

Mr. Haugen asked how many beds there are at the Valdez facility, and Dr. Schrader said 144 plus the general unit attached to Harborview with 15 beds.

Meeting recessed at 5:00 p.m.

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AFTER RECESS  
March 21, 1974  
Thursday  
7:05 p.m.

**Present:** Committee members Freeman, Specking, Warwick, Haugen. Also present were Dr. John Yankey, Health and Social Services Consultant to the Committee, and Mr. Milt Barker, House Fiscal Analyst; Jeff Morrison, Budget Analyst, Dept. of Admin.

From the Department of Health and Social Services: Dr. Fred McGinnis, Commissioner; Mr. Larry Sullivan, Director, Medical Assistance; Cathy Lloyd, Fiscal Officer; Dr. Dalton, Medical Services Consultant and Physician.

HEALTH  
The meeting was called to order. Rep. Specking asked Comm. McGinnis to present testimony on the FY 75 budget request for General Relief Medical and Medicaid.

Medicaid  
Dr. McGinnis informed the Committee that FY 74 is the first full-year operation of the Medicaid program in Alaska. A Medicaid annual status report has been prepared according to legislative mandate.

Dr. McGinnis stated that the records show that for the first half of this year with Medicaid in the picture of state general funds, the Department of Health and Social Services will be saving the state treasury \$3.590 million. For the second half of FY 74, the savings will be \$3.590 million.

Dr. McGinnis then said that the department has been doing some computing with regard to the Medicaid supplemental appropriation required for this year. He stated that it is impossible to predict how many people will be ill and will therefore receive doctor and hospital bills. At the end of last year, records show funding as generous and sufficient for Medicaid and General Relief Medical programs; departmental experience throughout FY 73 saw a lapse of \$2,198,000 in general funds in addition to \$1.5 million in reserve for cost allocation adjustment--a total of \$3,698,438. The total lapse of appropriations was \$5.6 million (state and federal dollars) plus \$1.5 million.

Commissioner McGinnis said that the Department of Health and Social Services must commit every dollar it can. The department asks for generous program but the money won't be used if it is not necessary.

The supplemental required will be \$1.5 million total (\$700,000 in federal funds and the rest state General Funds); they are completing a study now and the Governor will have a special bill dealing with that particular problem within a few days.

Commissioner McGinnis stated that the "situation is not all that bad considering the total services rendered to the state." He said that his department did not know if they will need all that money, but this matter must be dealt with while the Legislature is in session. He said it would be irresponsible not to fund Medicaid well in order to be prepared for any "crunches".

Rep. Specking told the Commissioner that with regard to the supplemental, there is a certain feeling that when the Legislature appropriated so much money, perhaps the agency could have squeezed its parameters to prevent any need for additional money. It was the intention that when the appropriation was made, the agency would stay inside of the dollar amount.

Commissioner McGinnis stated that the key is with regard to the element of possibility. In Medicaid, unless the agency has some control over aspects that they "don't have control over" (such as the amount of medical fees and numbers of people becoming ill), they will be falling short of meeting federal regulations which require specific aid coverage measures.

Dr. McGinnis said that there is no automatic "tie in" with what the program yields and what expenses are. The only change made has been Intermediate Nursing Home Care, but the state would pay more money not to have the program because it would then be carried under General Relief Medical.

Dr. McGinnis emphasized to the Committee that they are asking only for mandated options. If the department had 10 options that were beyond the mandated options, then those 10 options would be eliminated. Mandated options, however must not be eliminated, unless the program is to be shut down.

Mr. Larry Sullivan explained to the Committee that Medicaid covers categorical recipients in Old Age Assistance, Aid to the Blind and Disabled, and Aid to Families with Dependent Children. Mr. Sullivan said that nursing homes and hospitals have suddenly increased their rates in per diem by 27% and 23%, respectively.

He stated that the Department of Health and Social Services had every intention of living within the legislative mandated budget but it just cannot be done. Mr. Sullivan said that if their original request had been granted, they would not be asking for a supplemental, but they were, in fact, cut by the Governor's Budget Review Committee and by the Legislature. The department projected what they thought was necessary for the fiscal year, but they were turned down.

Rep. Specking asked if the state is operating in the same kind of framework with federal requirements in FY 75 as it had in FY 74. Mr. Sullivan replied, "yes". He said they cannot reduce the mandated services. The only option they have picked up is the Intermediate Care facility, but that is saving the state money.

Mr. Barker pointed out that the present needs projection is \$1.5 million (additional) which would put this year's needs over last year's request. Mr. Sullivan stated that they are trying to say that there are some new things on the horizon. Increases for nursing homes and hospitals have been granted. With the federal determination in eligibility for the programs, there is stricter criteria for programs which will further reduce the caseload. He added that the department is instituting a Quality Control program that will check on eligibility, and this will influence the department's budget for next year.

In response to Rep. Specking, Mr. Sullivan said that the department does not know if it will actually use the \$1.5 million supplemental; according to projections, it may be used. The supplemental is being requested simply to protect the department if the money is needed when the Legislature is not in session. He then said that they don't feel they will use that full amount.

Rep. Specking then asked how the Longevity Bonus fits in with or affects the Medicaid program. Mr. Sullivan stated that they have been granted a waiver on the longevity bonus until December 31, 1974. Commissioner McGinnis said it is official, and the state and Region X interpreted it as a waiver through 12/31/74, but they have requested a determination to make sure. Dr. McGinnis added that HR 3153 which is presently in a Free Conference Committee in Washington D.C., includes a provision which will cause the longevity bonus to be permanent waived. The impact on the program if the longevity bonus is waived as income would mean that individuals can still be eligible for Medicaid with \$100, by the individual without the \$100 won't be so advantaged.

Another provision in HR 3153 which would cause impact in the Medicaid picture by requiring fewer state funds states that for all Indians in the United States the federal government would pay 100% of Medicaid funds.

Rep. Specking asked how many people that would affect. Mr. Sullivan said it is difficult to predict because it would be only for those that "cross over" to the program. They do project, however, approximately an 18% cross over.

Dr. Yankey then referred to the Early Development Periodic Screening and Treatment Program. Mr. Sullivan stated that \$238,000 was used for screening. The \$88,000 was an increase that the department expected in the screening program. He said that the number of children served has tripled in the screening process. Six hundred children were screened in January alone.

Dr. Yankey then asked how many nursing homes the department had. Mr. Sullivan said that there are 6 "free-standing" nursing homes and two attached to hospitals...a total of 8. Mr. Sullivan said that the ceiling rates had been lifted and rates increased immediately after that. The average nursing home rate is \$36/day for cost and runs as high as \$44/day.

Mr. Sullivan stated that there is one nursing home that is a complete Intermediate Care Facility; another nursing home is a skilled care facility; the remaining nursing homes are a combination of intermediate and skilled care.

Mr. Sullivan stated that the average cost per day for skilled care is \$36 while the average for ICF is \$27.

Mr. Sullivan stated that Blue Cross of Washington and Alaska established the rates for all homes. Dr. Yankey asked if any increases were anticipated for 1975. Mr. Sullivan said that they hoped not; facilities' rates may go up or down a few cents, but this last increase should be maintained for a long period of time.

Dr. Yankey then asked what results the department had seen since the ICF program had been in effect. Mr. Sullivan stated that it has reduced the number of days for patients to be under skilled nursing care. There is a projected savings for FY 74 of about \$400,000.

Dr. Yankey then asked if the department was able to move many people back to their homes and communities because of the ICF program. Mr. Sullivan said that 26 patients were sent home.

Mr. Sullivan then said that they require pre-authorization for all nursing home admissions. The doctor must submit a complete medical history of the patient. There is a guarantee of seven days' care. The nursing homes are "locked" if the documentation for admission is not submitted within a specified time.

Dr. Yankey asked how much of a savings the department can project for next year. Mr. Sullivan said that it may be the same as this fiscal year's savings (\$400,000) or less.

Dr. Yankey stated that an annual medical review is now required in every state. He asked if the Department of Health and Social Services is adequately staffed to get this job done. Mr. Sullivan said that they were adequately staffed and that they were commended by Region X for their medical review. Those employees involved with the review are: Dr. Dalton, contract-hire; Juneau nurse who travels with the doctor; social worker.

Dr. Yankey then referred to Page 81 of the shortform for Health under Medical Assistance, Medicaid. He stated that a portion of the narrative read "Inflation at 6% as permitted under Phase III--\$417,700." Mr. Sullivan stated that the Governor's Budget Review Committee allows a cost-of-living allocation of 5%, and the nursing homes and hospitals can increase their rates at 6% over the year without permission of the Cost-of-Living Council; this BRU was inflated by that amount.

Rep. Warwick asked if rate schedules were used for paying costs of medical services. Mr. Sullivan replied that they did use

rate schedules or "fee" schedules, which have been hotly contested. Mr. Sullivan said that federal law says that they can pay up to Medicare rates. It was Mr. Sullivan's opinion that the fee schedules are unreasonable but they are mandated by law. Mr. Sullivan said that a doctor will take a Medicaid patient because he is guaranteed payment. The fee schedule is 83% to 85% of what the doctor might charge. Dr. McGinnis stated that over 310 physicians and every hospital in the state are participating. Mr. Sullivan then told the Committee that the routine every-day office call for the average doctor under this fee schedule would be \$11.10.

Rep. Specking asked if there is a backlog of bills--or is the state paid up. Mr. Sullivan said that they are getting a "fifteen-day turnaround". There are bills which are being submitted now from prior years, but the current billing is up to date. He stated that for services rendered in 1970 they received some bills just within the last few days. (The bills were General Relief Medical.) Mr. Sullivan said that the bills being submitted (those two to four years old) are legitimate and have the appropriate coupons, which are dated properly, attached.

Dr. McGinnis then told the Committee that the Department of Health and Social Services is submitting legislation this year to the effect that services rendered under Medical Assistance must be presented for payment within 60 days unless the insurance claim has not been processed; in that case, the time limit would be 60 days after the insurance claim is received.

Discussion then followed regarding the use of brand-name drugs over generic drugs. Mr. Sullivan said that they presently use brand-name drugs. They would like to see the HEW rules and then discuss whether requiring generic drugs would be applicable to General Relief Medical. Mr. Sullivan admitted that there is a considerable mark-up on brand-name drugs. He added that they have curtailed their program to prescription drugs only. He said that during the next Legislature it may be possible to use generic drugs.

Dr. Yankey questioned Mr. Sullivan about any possible over utilization of drugs. Mr. Sullivan stated that they have picked up one or two cases of over utilization and have corrected the situation. He stated that one pharmacy overcharged them \$2 or \$3 a prescription. The department collected the money due them and the Pharmaceutical Association has removed that pharmacy from the association; the department also has eliminated the pharmacy from the Medicaid program.

Dr. Dalton then explained to the Committee that generic drugs are chemically the same as brand-name drugs but are put out, (for example) by a company under a lapsed patent. The brand-name drugs are marketed by a specific company. Generic drugs are the same and are made in all countries; they are much cheaper than brand-name drugs. He stated that most doctors prescribe brand-name drugs, possibly because of pharmaceutical advertising.

He said that the main argument now is that brand-name drugs assure a higher quality of medication while generic drugs lack in this quality control aspect; he stated that the argument now shows people in favor of the generic drugs because of their low cost.

If the state does begin to use generic drugs, Dr. Dalton said he is sure that they will hear objections from doctors and pharmacies because the state will be telling them what drugs to use.

Rep. Warwick asked how much they were spending on drugs under General Relief Medical this year of the \$2.8 million. Mr. Sullivan replied that they were spending \$266,000.

Rep. Specking then referred to a news article from the Anchorage Times which pointed out a difference between numbers of digits in the computerized diagnosis. Dr. Dalton explained to the Committee that the diagnosis registry column of the computer has only three digits. The standard book of diagnoses uses a five-digit code, so the department took only the first three numbers and then lumped certain categories under them. Dr. Dalton said that when the medical review is made, it is thus impossible to determine the exact diagnosis and/or of the treatment administered was necessary. Mr. Sullivan told the Committee that there is not a serious amount of conflict in this area.

Mr. Sullivan then said that the Legislature said that if the department provides drugs under Medicaid, they would have to provide all medication to the Indians of Alaska. This would cause Native services (federal) to cut back. Mr. Sullivan then said that with the drug program in General Relief Medical, they are not providing medication to Native recipients. He said he had not given any thought to additional services because of what it might entail in the cost of the Native population concerned.

The Committee then considered the General Relief Medical budget for FY 75.

Mr. Sullivan told the Committee that this program is for people who meet the financial criteria but cannot meet the physical characteristics criteria.

Rep. Specking noted that the budget is \$104,000 over last year. Mr. Sullivan said this is due to the inflation factor.

Dr. Yankey asked about the disability definition of SSI with regard to this program. Mr. Sullivan stated that there could be serious impact on the program with the SSI determinations. The federal definition of disability states that if a person is eligible to work, the worker does not have to be at a specific geographic location.

Dr. Yankey then asked Mr. Sullivan if they would approach the Legislature to do away with General Relief Medical and go with

the medically needy if HB 3153 passes in Washington (causing 100% federal funding for the Natives). Mr. Sullivan said that they would not because the medically needy, tied to categorical rolls, are over the income level. The impact of HB 3153 would not have an impact on GRM because the Natives are not eligible for GRM.

The Committee then considered Administration & Support.

Rep. Specking noted that the Governor disallowed two of the four requested positions. Mr. Sullivan stated that the Governor had disallowed an Information Officer II; they have one on contract now who is responsible for the Medicaid report and for a Medicaid bulletin which is mailed to providers, and for distributing materials out to recipients. The EDP Programmer I which was disallowed by the Governor is needed to develop new information that is available under Title 19. They have a Programmer on board now doing computer worker and obtaining federal reports, which takes all his time.

Mr. Barker remarked that he thought the computer system development could be 90% reimbursed by federal funds. Mr. Sullivan stated that there are certain specifications that must be met and present regulations are not written which will qualify the computer system development for reimbursement.

Rep. Specking asked what sort of federal program would fund the Information Officer. Mr. Sullivan stated that Dr. Dalton and his staff under the Medicaid program had 75% funding for their salaries. The rest of the administrative staff is funded at a 50% match. The match for Medicaid's program will continue as long as Medicaid continues in Alaska.

Regarding the Clerk Typist positions that were allowed by the Governor, Mr. Sullivan stated that when the budget was developed at the beginning of the Medicaid program, no allocation was made to provide the liasons between the division and the medical division with clerical services. Temporary help borrowed from other areas in the department is being used as clerical support at present.

Mr. Sullivan said that the only unfilled position at present is the Chief of Claims Processor; the employee who filled this position resigned just one week ago. Mr. Sullivan said that other than that position, they are up to full staffing capacity.

Discussion followed on children in custody, or wards of the court, who should be under the Medicaid program. Mr. Sullivan stated that now costs must be paid out of General Relief Medical, but they feel that Title 19 should pick up those costs.

Commissioner McGinnis stated that legislation is in the hopper now regarding this issue. He said that the department has

been working with the Medicaid program and Region X, and they have decided upon the final wording for the legislation. Dr. McGinnis said that tomorrow a Committee Substitute for the bill will be submitted.

Rep. Freeman asked how much money would be saved from putting these children under the Medicaid program. Commissioner McGinnis replied that that there would be a savings of approximately \$40,000.

Commissioner McGinnis told the Committee that there is another bill submitted dealing with optometric care; the department computes that it will cost about \$30,000 per year. The bill is not sponsored by the department but by Senator J. Harris.

Rep. Specking asked if there were interagency charges when the Department of Administration provides data processing for the Department of Health and Social Services. Mr. Sullivan replied that there are charges of \$82,000.

Mr. Roger Lang told the Committee that there is no 90% match allowed to date for data processing.

Discussion followed regarding mental health in connection with Medicaid. Mr. Sullivan said that Medicaid money would not be used for Mental Health. There would be a cost savings; 50% of services rendered would be federally funded.

Journ: There being no further business at this time, the Committee adjourned at 8:30 p.m.

After Recess  
1:40 p.m.

Present: Present were Representatives Saylor, Warwick and Specking, Dr. John Yankee, and from the Division of Mental Health, Dr. Schrader and Mr. McLean. Also present was Budget and Management representation.

Subcommittee Chairman Specking called the meeting back to order at 1:40. He requested Dr. Schrader to give an overview of Harborview's activities.

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Dr. Schrader said that Harborview was built following the Earthquake. At that time the decision was made to consolidate the facilities for the mentally retarded and to include hospital beds previously owned and operated by the City of Valdez. The residential portion is what Mental Health is primarily involved with. Over the years that center has been developing a comprehensive educational training program for the mentally retarded. The age range at the facility is approximately 10 to 45.

There are a number of new position requests in this budget. They included the groundsman, mentioned yesterday, a person to help with the educational center (most of the resources of that center are provided by the borough but they need someone to keep track of materials and "bird-dog" the operation), and someone to oversee the camp operation. He explained that over the last two or three years they have built a camp - a summer facility for the retarded people which was built by the patients and staff together.

Mr. Specking expressed his surprise that they requested a full time camp director when the camp is a summer facility. Dr. Schrader said that they are trying to make it into a full year facility. They have it built so that it can be used for winter as well as summer.

Mr. Specking noted the request for two housekeeping aides, and asked why they are needed. Dr. Schrader said that part of the reason is that there has been a gradual increase in population over the years but, also, they have opened up a rehabilitation station and maintenance building.

[Mr. Saylor entered the meeting.]

After reviewing the different elements of the Harborview BRU (details of which are written up in the red budget books), the committee took a look at the Psychiatric Security BRU. Dr. Schrader said that for many years the mentally disordered offenders have been to some extent treated at API, but the program has not been adequate as far as security goes to handle dangerous people. There is a facility being constructed in 1975

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to handle these. Because it is not yet constructed, the Governor failed to fund the requested positions.

After brief discussion on the three regional centers, during which time Dr. Schrader reemphasized his hopes for passage of HB 549, the committee took a look at Administration and Support. Dr. Schrader said that looking back over the history of the Mental Health Division, one finds that 10 years ago they had 10 positions in this particular BRU (Administration) and now they have 9.

Meeting recessed at 2:45 p.m.

After Recess

2:50 p.m.

Present: Present at this time were Reps. Freeman, Saylor, Haugen, Meekins and Speckings. Also present were Dr. Freedman, Director of the Division of Public Health and members of the Public Health staff. Present too were Dr. John Yankee, Finance Committee consultant, members of the staff and Budget and Management.

The meeting was called back to order and Dr. Freedman was requested to make a brief statement on his Division budget.

HEALTH

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Division  
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Health

Dr. Freedman said that this is a maintenance level budget and there are no new programs this year. There are several new positions however. The first has to do with Nursing. In Nursing, many of the services involved in each of the subsequent programs are ones provided through present Nursing staff. One of the changes has to do with the Early and Periodic Screening for Diagnosis of Treatment. This is a new responsibility the Division has taken on through contract with Medicaid. The public health nurses do the screening examinations of children and make appropriate referrals to physicians. A number of new positions are due to this.

In Prevention and Treatment of Disease, Dr. Freedman pointed out that in the TB program there are a number of reductions in positions and cost. They have found that they can reduce costs and still maintain an effective program.

In Environmental Health, Dr. Freedman noted that they are requesting another Sanitarian position for the Seafood Sanitation program.

In Child and Family Health, Dr. Freeman noted that Crippled Children's program is shown as about \$80,000 over the 1974 authorization. However, he observed that this is still almost \$100,000 short of the actual expenditures made in 1973.

In the Laboratories budget, Dr. Freedman referred to a letter to the Chairman having to do with the Rabies/Virology laboratory services. The letter indicates how essential it is that these services be provided. These services were previously provided by the Arctic Health Research Center in Fairbanks, and were funded by federal monies. With withdrawal of Federal funds this year, the Center was ordered to close. However, there were contractual services requested by the Department in the amount of \$30,000 for contracting with a Seattle laboratory. Now the possibility has arisen of maintaining the Rabies/Virology services at the Center. The Center for Disease Control (Public Health Service) has indicated that they will provide funds for positions if Health and Social Services will operate the laboratory. Therefore, they

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are requesting that the money they had requested for contractual services be used instead to continue operation of the Center.

In Health Program Support, Dr. Freedman said that there are two new positions requested for Health Education. One is a School Health Education Specialist. This is the second year they have made this particular request. They have also requested a Clerk Typist III.

Mr. Specking, subcommittee chairman, next requested that Dr. Freedman and his staff go through the budget by BRU.

In Nursing, Rural Nursing, there are six new position requests. One of these is a Clerk Typist in Bethel. Mr. Specking asked how many people they have in Bethel now. Mrs. Crawford said that they have nine professional and three clerical. This is an area where their staff has had to accept a great deal of responsibility for patients' travel.

Dr. Yankey asked about the program service aides. Mrs. Crawford said that these are paraprofessional local people who are hired to assist in carrying through the nursing services. They receive in-service education and participate in a variety of services. There was questioning on the funding. Mrs. Crawford said that some of these are Inter-Agency funded, with funds transferred from Medicaid in the Early Screening and Family Planning programs.

Dr. Yankey asked if public service recipients in Alaska would be able to do the work of Program Service Aides. Mrs. Crawford said yes, that some of their present aides are from public assistance programs.

In General Nursing, Mr. Specking requested a rundown of new positions. Mrs. Crawford said that these relate to the positions authorized by Budget and Audit for Early Screening, with the exception of the Family Planning position in Fairbanks. They have also requested that one part-time nursing position be increased to full time.

There was considerable confusion as to funding of some of these positions, listed as Inter-Agency funded. Finally it was explained that funding is in Medicaid and is 50-50 state/federal money for Early and Periodic Screening. Some of the money under this program is then transferred to other programs, such as General and Rural Nursing. There is a general fund cost to these programs, but it does not show up in these other programs. It shows up in the Medicaid budget and is identified there.

In Home Health Services there was a requested Public Health Nurse Trainee, which was disallowed by the Governor. Mr. Specking

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asked the purpose of the program. Mrs. Crawford explained that they have people for whom it is better that they receive certain types of care in the home rather than in a hospital.

In Administration and Support, there are three new positions. Mrs. Crawford said that the Nurse Training Coordinator and the Clerk Typist II were approved under Budget and Audit under Early and Periodic Screening. They are requesting the Coordinator position to be increased to a full-time position. It is a very demanding position since it has the responsibility for developing, organizing and training. She noted that they are also having students assigned to them from AMU and some of the other schools. They feel very strongly that they need this position to be full-time in order to handle the workload. The Clerk II is a 9 month position and they ask that it be increased to full time, also. The position is for their divisional office where they have one Clerk Typist III trying to handle the workload of three people.

Mr. Barker asked why the two positions that are only funded part-time cannot be funded full time by the Early Screening program and Mrs. Crawford said that they cannot because they will not be used only for that program.

Dr. Yankey noted that several of their services relate to family planning, and he wondered if they get Title XIX or IVA money. Mrs. Crawford said not at the present time. As far as IVA goes, there is a ceiling on those funds and they have already committed themselves to their ceiling. As far as Title XIX goes, she was uncertain.

Mr. Specking asked if the state is making a strong effort in the area of family planning and Dr. McCabe said yes. Mr. Specking said that it is his belief that the only way to reduce the numbers of people in some of these programs is to reduce the size of these families. Dr. McCabe explained that the main thrust of the Family Planning program is to improve the health of mothers and children and not to reduce numbers of children. Mr. Specking asked if they go out and make an effort to educate these people, and Dr. McCabe said that he wouldn't say that they really do. They try to stay away from that. For one thing, he said that it is difficult to impose that kind of ideology on someone else unless they are receptive to it. Many people, and particularly minorities, may object to that approach. Mr. Specking felt that perhaps the same effect could be reached by a subtle approach. Here Dr. Freedman noted that the last several years there has been a reduction in live births and size of families, so part of this has been achieved.

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Disease

Going on to Prevention and Treatment of Disease, in TB Control, there is a decreased request. Mr. Specking asked if they expect to continue decreasing and Dr. Freedman said yes. Mr. Barker

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noted that there are seven professional and nine clerical positions and he wondered about that ratio. Mr. Larry Brown explained that a great many of the functions of the state surveillance program can be accomplished by clerical help and so they have been able to reduce the number of higher paid professional staff and hired lower paid clerical personnel.

In Community Health, Mr. Specking noted that three of the four requested positions were approved by RP's. Mr. Brown said that two of the new positions are for the VD Control Program. One is for a position in the Fairbanks Health Center where there is a VD Investigator which is a Public Health assignee. The other one will be in Anchorage. The other position is in Immunization and would be used to fill in in areas where for a temporary period there is no nursing service available and there is the possibility of immunization levels dropping. This would be a mobile position.

Mr. Specking noted that there is a large increase in contractual services, and he asked what that is for. Mr. Brown said that a couple years ago the borough contracted with the Center for Disease Control to do a gonorrhea impact study. This contract lasted for a period of two years. After that the study was completed and the borough requested federal assistance to continue the VC program. The Center for Disease Control indicated that rather than deal directly with the borough they would like to channel their resources directly through the state and have the state work with the borough.

Dr. Yankey said that in looking at some of the narrative documents, the Division was stressing greater demands for nutritional health. He said that the committee has heard testimony from the Office of Aging on amounts of money starting to be generated there for their own nutritional study. He asked if the two agencies have gotten together. Dr. Freedman said that they have and they have been trying to work together to figure out how they can join forces.

In response to questioning by Mr. Barker, Mr. Brown said that historically the money that has been spent for VD control has been very small. The Division has therefore not been able to concentrate very heavily on the gonorrhea problem in the state although they have done a fair job with syphilis control. They have not been funded up to their requests for VD control money. There was continued discussion on the VD problem in Alaska. Mr. Meekins expressed his concern about these diseases which are second only to the common cold in numbers of cases, and he wondered if their request is sufficient to deal at all effectively with these diseases of such epidemic proportion.

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Mr. Haugen referred to HB 429 and said that there was testimony of the floor of the House that this would not cost any additional money to the Division of Public Health. He said that he sees fewer sanitarians around now than he did several years ago and so he wondered how it could be that they could carry out this bill without additional funds. Mr. Heiderseorn said that he admits there are already not enough sanitarians to do the job. The fiscal note for the bill was based on the fact that it does not require any new positions or funding, however. They feel they would not ask for or need additional sanitarians to do the policing for this bill. Mr. Haugen asked how many sanitarians there are now in Juneau and he was answered two. He stated that he feels the standards for operation now are very low.

In response to questioning about the total amount being spent for VD control, Ms. Sue Fleischauer said approximately \$127,000. After continued discussion, Mr. Brown said that he does think that with the VD problem in Alaska it will be solved with the money they have right now. In fact, were it not for federal monies, there would not be much of a program at all.

There was a brief recess at 3:55.

HOUSE FINANCE COMMITTEE

March 22, 1974

4:00 P.M.

**PRESENT** Representatives Specking, Freeman, Haugen, and Meekins. Department of Health and Social Services people were still present.

**HEALTH** Mr. Specking, Chairman of the Health Category of the budget, called the meeting back to order and said they would continue with discussion of Environmental Health.

**Environ-  
mental  
Health** Dr. Freedman said that it was essentially a maintenance budget except for the additional Seafood Sanitarian.

Mr. Sydney Heiderseorf explained that they didn't have a Seafood Sanitarian in Southeast itself. He said there were two in the whole state. However, he added there were other general sanitarians in other areas of the budget. He thought they should realize the need for emphasis on the Seafood Program. They are presently making efforts to become part of the National Shellfish Sanitation Program, and they need more sanitarians to oversee this. This is why they have put in for an additional Seafood Sanitarian to cover Southeast Alaska up through Prince William Sound.

Mr. Haugen was concerned about the project to get commercial production of clams. He asked if they realized how long they have had that appropriation. Mr. Heiderseorf said that project had been going on, and he added that there was no where in Alaska where they could ship clams on a commercial basis out of the State.

It was Mr. Specking's understanding that Cordova was approved. Mr. Heiderseorf told him that Cordova was approved for consumption within Alaska. In order to ship interstate, they must become a part of this National Shellfish Sanitation Program.

Mr. Haugen said it took six years to get to this point.

Mr. Heiderseorf continued saying that as soon as they are accepted into the programs its a requirement that an agreement be signed between Health and Social Services, Fish and Game, and Public Safety.

Mr. Specking commented that things didn't appear to be moving very rapidly. Mr. Heiderseorf explained they had a continuing program of servicing clam beaches plus all shellfish programs. He said they were required to monitor these beaches. Mr. Haugen said that would come out as far as he was concerned. He thought there were too many clam programs in too many places. Mr. Heiderseorf replied that this was the only way they could get into commercial production.

Mr. Specking said that some of the packers have expressed concern about some of the packs that come in. He asked if they did anything in this arena. Mr. Heiderseorf said they were responsible to sanitation in relation to seafood processing. He said, however, that they don't have people to oversee it like it should be done.

Mr. Specking asked how often they put somebody out of business for violating environmental health. Mr. Heiderseorf said they didn't put people out of business. He said it was their responsibility to see that the product be embargoed. Environmental Health people usually make many inspections, and when they take action it is usually after many repeated violations. They try their best to work with the operation, and take legal action as a last measure.

Mr. Haugen was sure they had appropriated for three or four Seafood Sanitarians a couple of years ago. Mr. Heiderseorf said that other sanitarians do some seafood inspections.

Mr. Specking said they would go on to discuss Early Screening. Mr. Specking said they didn't have this last year. He wondered where it had been. Mr. Milt Barker explained that it had been covered under RP 74-57, and was 50% General Fund and 50% Federal financing. He said the funds were all shown as Interagency receipts from MEDICAID, but that was 50/50.

Mr. Specking said they would go on to Child & Family Health, Maternal and Infant Care. He asked for an explanation of the \$60,000 transfer to Grants. Mr. Tom McCabe, Director of Child & Family Health, said that money represented the fact that last year they showed some of their grants in contractual. He said it was a matter of deciding which line item to show it in.

Mr. Meekins noticed they lost \$15,000 worth of federal receipts and increased the General Fund by \$22,000. Mr. McCabe didn't know the answer to that. To his knowledge, they didn't lose any federal funds.

Ms. Frances Fleek said this was a funding factor throughout the budgets. Last year all federal receipts were inflated somewhere between the time they did the budgets and the time they came back to them.

The Division people said they would research the matter and send them a memorandum to explain it.

Mr. Specking said they would go on to the Crippled Children portion. He noted there was an increase of \$50,000 to bring the budget up to the actual level of expenditures. He was referring to Contractual which was actually \$60,000, but they had explained that \$50,000 was to bring it up to actual expenditures. He asked where the other \$10,000 was.

Mr. Meekins said that \$10,000 of that would be inflation.

Dr. Yankey asked how many of the children they would be serving would be coming from MEDICAID eligible families. Mr. McCabe replied perhaps 15%, and said that when a MEDICAID eligible child is covered, his care is paid for by MEDICAID funds.

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**Mr. Specking took them on to Child Study Centers.**

**Mr. Haugen asked what they did.**

**Mr. McCabe replied that the Center at Anchorage, the Alaska Treatment Center, evaluated children to determine or rule out mental retardation, and if the condition is found, they implement treatment for the child.**

**Mr. Specking asked why this wasn't under Dr. Schrader's Division of Mental Health.**

**Dr. Freedman pointed out that many parents who have children not developing normally bring their children to the Treatment Center. He explained that the Center was to diagnose any youngster, and the child is studied from every point of view, just just from that of mental health. He said that most of the children did not turn out to be mentally retarded.**

**Mr. Specking went on to Registry of Human Impairments.**

**Mr. McCabe explained that this program was established by Statute in about 1969, and funded in 1970. The broad purpose of the program is to develop a registry which is basically a list of people with human impairments. Its purpose is to assemble information about handicapping conditions in Alaska so that services to those so registered will be provided. In FY 1971 funds were allocated to support an Alaska cancer registry and hearing handicap registry. An Actual Registry for Human Impairments was established in 1973. The registry has been designed to be compatible with the Health Information System so that no changes will be necessary when the latter is implemented.**

**Mr. Specking said they would go on to discuss Laboratories. Dr. Paul Schaaf, Director of Laboratories, was present. Mr. Specking noted that three new positions had been approved by the Governor.**

**Dr. Schaaf said that one position was a Clerk Typist position for the Fairbanks Labo. They are experiencing a terrific increase in services and require a lot of statistical support. They have only one clerk typist at this point. The other two positions are in Juneau--a Chemist and a Clerk Typist for support of the Occupational Health Service. This is a laboratory service they have been requested to provide to the Dept. of Labor to prevent duplication of services.**

**Mr. Haugen asked if they were paying \$42,800 a year rent at the Southeast Regional Laboratory. Dr. Schaaf said that was correct.**

**Dr. Freedman said they were paying 70¢ a square foot per month, which he said was the going rate for office space, so the cost was reasonable. He said they occupied the whole building.**

**Dr. Freedman referred to the letter to Mr. Frecman from Commissioner McGinnis dated March 22 regarding the Rabies/Virology laboratory services for FY 75.**

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Dr. Schaaf pointed out there was \$30,000 in the budget for contracting outside the state for Rabies Virology laboratory services. The basis was the federally ordered closure of the Arctic Health Research Center in Fairbanks due to withdrawal of Federal funds. This spelled the loss of the services which have been provided at no cost to the state by the Rabies/Virology Laboratory. They were, therefore, to try to contract for minimal rabies/virology laboratory services in Seattle since there were no other comparable facilities available in Alaska.

Dr. Schaaf went on to say that within the past four weeks, new developments indicate the possibility of maintaining the Rabies/Virology laboratory services for FY 75 at the Arctic Health Research Center. The Center for Disease Control (Public Health Service) has indicated that they will provide funds (approximately \$40,000) for two positions (virologist and biolaboratory technician) for FY 75 if the Department of Health and Social Services operates the laboratory. The University of Alaska now has the Arctic Health Research Center building and laboratories and is willing to rent the complete virology suite to the Department. Therefore it is requested that the Laboratories BRU be allowed to utilize the contractual money, now designated for services in Seattle, to continue the operation of the Rabies/Virology Laboratory at the Arctic Health Research Center. This has been cleared with the Governor's Office.

Dr. Schaaf summarized saying the \$40,000 in Federal funds plus the \$30,000 in State funds will provide the operational money and staffing for this laboratory for FY 75. When the Federal funds are received, a budget revision will be submitted for approval by the Legislative Budget and Audit Committee.

For Alaska, it is essential that rabies/virology laboratory services be continued in order to expedite rapid treatment and control of highly infectious viral diseases such as rabies, viral encephalitis, and poliomyelitis. These and other viral diseases present in Alaska, if not diagnosed quickly, may be crippling and are frequently fatal. Without these services in Alaska there would have been serious delays of 10 days to three months, or possible loss of specimens, if the work had to be shipped outside. In some cases it would have been difficult or impossible to ship the specimens.

Mr. Specking said they would go on to discuss Certification and Licensing. Ms. Anna Wenzel was present to testify.

Ms. Wenzel said that her program is 91% federally funded. There are four very distinct activities: 1) Certification of facilities as eligible for Title XVIII (Medicare) Program through instructions given by Social Security Administration, Bureau of Health Insurance; 2) Certification of Skilled Nursing and Intermediate Care Facilities to the Division of Medical Assistance, Department of Health and Social Services, as eligible for Title XIX (Medicaid) participation; 3) licensing of hospi-

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tals and related Health Facilities per State law; 4) Certification to the Department of Community and Regional Affairs of hospitals and certain Health Facilities eligible for Revenue Sharing. She said that comprehensive and performance oriented surveys of all providers must be done at least an annual basis.

Ms. Wenzel said that up until now it has been 100% State funded, but because of the enactment of the 1972 amendment to the Social Security Act, it was decided it was better to utilize the administrative set-up already established then to set up another set-up.

Mr. Haugen asked if there was any chance of losing federal participation. Ms. Wenzel said no, unless they stop taking Social Security money out of MEDICARE. The 50% State sharing would be for administrative costs, etc.

This concluded the meeting, but Mr. Haugen asked for a figure on how much money was being spent in the clam program. He was told he would be supplied with it.

Mr. Specking asked whether there would be any merit to have a meeting between all of the participants in the different clam programs. It was decided that it would be a good idea to set one up.

Meeting recessed at 4:55 P.M.

RECESS

AFTER RECESS  
March 22, 1974  
Friday  
5:10 p.m.

Present: Representatives Haugen, Freeman, Specking. Also present was Rep. Terry Gardiner; Dr. John Yankey, consultant to the Committee on health and social services; Mr. Milt Barker, Fiscal Analyst.

Representing the Child Advocacy Board were Ms. Gail Roland, and Ms. Betsy McGuire.

The meeting was called to order. The purpose of the meeting was to hear testimony regarding the FY 75 budget for the Office of Child Advocacy.

Ms. Roland, Coordinator of the Office of Child Advocacy, told the Committee that this office is charged with the responsibility of developing and coordinating a comprehensive plan for the use of public, private, and volunteer resources in order to promote optimal child development conditions for all of the children in the state and families with children. The goals of the office are to continue to assess the needs of children and their families, to expand and improve the communications among agencies and other organizations concerned with children and their families, to assist in planning, on a local level, and improving child development and family life programs, and to provide information regarding new and current programs, legislation, etc. which will affect children and their families.

Ms. Roland stated that their request is \$85,000--a maintenance figure. The Board of Directors is requesting that the administrative position for the Office of Child Advocacy be reclassified from a Range 20 to a Range 24 (Executive Director) to be consistent with existing job classifications for parallel positions. Ms. Roland stated that the Executive Director was originally approved when the program began, but there were no sufficient funds to fund the position.

Ms. Roland said that the Office is a clearing-house and a facility for eliminating duplication of effort. She explained that at present, the board has only 19 members; they are now waiting for appointments to be made by the Governor to fill out the membership.

Rep. Specking asked if the money requested will pay for the Board's travel. Ms. Roland replied that the agency people pay their own way out of their individual agency budgets; the Office of Child Advocacy pays for the rest of the people (2/3 of the Board).

With regard to Contractual Services, Ms. McGuire told the Committee that they are planning to do a needs assessment by Spring. This will determine what the needs are of the children

in Alaska. She said they will not do another survey; there are already 28 surveys on children and their families. The Office of Child Advocacy will contract for some assistance with research people who will help Ms. McGuire put together some of the information they already have. No one has correlated any available data as yet; eventually, the Legislature and other organizations will be able to obtain information on children and their families by geographic regions in the state.

Rep. Specking asked what is done with any determinations the Board makes during its meetings. Ms. McGuire stated that the findings from the needs assessment will be distributed to all legislators, Commissioners, appropriate organizations, and the general public. She added that the Child Advocacy Board is in an advisory capacity to the Governor.

Ms. Roland told the Committee that the Office was started in July of 1972 but did not have any staffing until January of 1974.

Ms. Roland stated that the funding for this program represents money that "needs to be spent". She said she was amazed at the number of programs and agencies now in existence which lack coordination. She said that the Office of Child Advocacy is a worthwhile agency which provides necessary programs.

Rep. Gardiner asked Ms. Roland to explain what she meant by lack of coordination in programs and organizations. Ms. Roland stated that many people are unaware of programs which exist or information that is available because of lack of communication among various agencies. Ms. McGuire told the Committee that the main function of this particular type of organization is to work with those agencies (Departments of Education, Social Services, Labor, etc.) and private individuals; the objective is to get all groups together so that they might plan together.

Dr. Yankey pointed out that the Department of Health and Social Services is an "umbrella agency" which coordinates most of the child-oriented programs in the state. Some programs do exist under the Department of Education and the Department of Labor. Dr. Yankey said that the position of the Office of Child Advocacy is that the other agencies are not working together so the Legislature will fund another program (Office of Child Advocacy) to monitor all the rest. Ms. McGuire said that she questioned Dr. Yankey's use of the word "monitoring". She said that it is more of a process to get the agencies to cooperate with each other and coordinate programs together. She added that she had been unable to find any sort of comprehensive planning in this area within the Department of Health and Social Services.

Adjourn: There being no further testimony or questions from the Committee, the meeting adjourned at 5:15 p.m.

Hwys

HOUSE FINANCE COMMITTEE

February 19, 1974

1:35 P.M.

**PRESENT** All members of the Committee except Mr. Meekins and Mr. Barber (Both arrived later in the meeting). The following people were present from the Department of Highways: Mr. Bruce Campbell, Commissioner; Mr. Tom Johnson, Administrative Director; and Mr. Bruce Freitag.

**TRANSPORTATION** Chairman Freeman called the meeting to order and said they were discussing the Transportation category of the budget. He turned the Chair over to Mr. Haugen, the Chairman of the sub-committee.

**DEPT. OF HIGHWAYS** Mr. Haugen asked Mr. Campbell to give an overview of his Department.

**Administrative Budget** Mr. Campbell stated that the Administrative budget was essentially a hold-the-line budget. It reflects increases of about 2.1% which will probably cover normal merit increases of employees and the normal inflation factors. There is no compensation for increased employee salaries.

He said there were 3 new positions requested in the Administrative budget.

In former years, he said the Administrative budget has had an increase in the range of one or two percent. He said that in effect, there was a decrease in the cash they had to spend each year.

Mr. Warwick said that general administrative costs run higher than actual programs. He wanted to know what they were doing.

Mr. Campbell said he found that when they have more work to do, if they cut people off the staff they get more done. Peoplewise, they are down about eight people in top administrative staff from the time he became Commissioner. He said they could probably still get the job done and cut more people.

Mr. Warwick asked if there was a pipeline impact for the administrative budget, and Mr. Campbell said no, they felt they could handle administration with the existing staff.

Mr. Haugen wanted to know the difference between administrative cost and what they got from gas tax revenues. Mr. Campbell said that gas tax revenues were approximately \$13 million and the administrative budget was \$5.3 million.

Mr. Campbell brought it to the Committee's attention that in addition to normal highway programs, this year they have picked up the administration of the service roads program. They have also formed a liason with the Land Use Planning Commission and provide one full-time staff member for them. They have been doing all of the road

review for ALYESKA. In addition, they have picked up more responsibilities within the administrative budget. The reason he said he was bringing all of this up was that he has asked a lot more of his people. There is much overtime with no monetary compensation. He wanted them to know there were some state employees giving a lot more of themselves.

[Mr. Barber arrived at this time.]

Mr. Warwick noted that they had requested \$224,000 and were given \$217,000 by the Governor. He asked Mr. Campbell to comment on that. Mr. Campbell replied he felt they could work with the budget they had been allowed.

Mr. Saylor said he was looking at the FY 73 lapse fund report. It said they lapsed \$515,000 in the Interior District. Mr. Campbell said that was in Maintenance. He said they were doing the best job they could for the money available. The year Mr. Saylor was talking about, he thought there was a little less severe winter than they had expected, so they had lapsed some money.

[Mr. Meekins arrived at this time.]

Mr. Johnson stated they wanted to keep a reserve. He thought they did that by freezing positions.

Mr. Saylor asked what they planned to lapse this year. Mr. Johnson said that it would probably be \$150,000 to \$180,000 in the Administrative budget.

Mr. Hogan pointed out that the three new positions had to do with input by the legislature to do additional auditing in the State.

Mr. Saylor noticed that they had originally asked for a deputy commissioner. He asked if Highways was one of the departments that didn't have one. Mr. Campbell said they had one. At the time they made the budget request, they weren't exactly sure what was going to happen. They anticipated they would be taking up a big portion of the North Slope road and that they would be monitoring the route. Since then it has worked out so that they can handle the workload as it comes to them.

Mr. Warwick asked whether the internal auditors were on board, and Mr. Johnson said they weren't.

Mr. Campbell said that we were now under the federal aid to highways program and the secondary road plan. The federal government doesn't audit them at all, they just check to see they are following procedures. (He said the Primary System was still approved and audited by the Federal Highway Administration, and required certification acceptance.) What it does is throw all the audit responsibilities on the State. He said there were advantages, but they do have to come up with the internal auditors.

Mainten-  
ance  
Budget

Mr. Campbell went on to speak about the Maintenance Budget. It was also essentially a hold-the-line budget. He said they would find it up 2.6% from last year, adequate to cover inflationary costs and normal merit increases of employees. There were six new positions in the budget, five permanent and one seasonal.

One area where they do have a little concern is in Commodities. In that area they have funded for a 5% inflationary increase. He went through a list of different inflationary increases including gas at 32% and diesel at 40%... He did this to give them an idea of the inflationary tendencies in the area of the Maintenance budget. He reminded them they were not budgeted to meet that kind of increase. If it should continue at those rates, they may have problems "down the road".

Mr. Ose asked if they were going to hold-the-line at present in the Mat-Su area. He had been out on some of those roads, and he said they weren't taken care of as they should be. There has been a lay-off of personnel and there has been no money to maintain them.

Mr. Campbell said they could effectuate any level of maintenance that the people of the State would require. However, somewhere there was performance on a reasonable level of maintenance, and there would be times when the road wouldn't be perfect, but that was the alternative to a 100% perfect maintenance system.

Mr. Ose said he wasn't talking about 100%, just 50%. He said letters had been sent to the Highways Dept. asking why. Mr. Campbell couldn't comment on that.

Mr. Ose said the letter had been signed by him, and it said there was just no money. Mr. Campbell didn't think he had made that statement.

There was further conversation between the two on this matter. Mr. Campbell said he couldn't comment on generalities and asked Mr. Ose to be specific and write essentially what his complaints were. Mr. Ose assured him that he would.

Mr. Ferguson noticed that on the Nome Auto Equipment Operator II, the Governor had allowed nothing. He asked why. Mr. Johnson replied that agency funds took care of it.

Mr. Ferguson asked what had been cut out of the western portion of the State's budget. Mr. Johnson said they had requested \$890,000 and received \$815,000. He imagined the cuts had been in Personal Services, equipment rental, commodities and contractual services. Mr. Ferguson said he would like to know what was asked for in the Governor's budget.

Mr. Barber asked about the Program on the Denali Highway. Mr. Campbell didn't have a copy of the Five-Year Plan with him, but he didn't recall anything in it on that. He added it was essentially a 90 to 120 day road.

Mr. Warwick said that in the overview of the budget it looked like the Governor had taken out about 5% and placed it into a contingency reserve and reduced all of the components by that much.

Mr. Campbell explained that on June 30, all funds lapse. When running a program as unpredictable as Maintenance, it is almost impossible to program funds and come out even. The only thing to do is keep reserves. When they keep them towards the beginning of the program, towards the end, they let them go. June 30 falls in the worst time of maintenance requirements. The period between May 1 and June 30 they are opening roads, maintaining roads, and getting roads back into shape and trying to keep a handle on funds at the same time. Because the department is spread over the whole state, their accounting process is about a month behind. What they are requesting now is that 5% of the maintenance funds lapse on August 31 instead of June 30. That takes the heat off on June 30.

Mr. Warwick referred to an article he had read by Joe LaRocca concerning the maintenance of the Livengood Haul Road, only he couldn't recall why they were maintaining it. Mr. Campbell said the maintenance they were doing wasn't much, but they had to do a minimum amount to protect their investment. They had to keep the drainage open and the ditches up. He said they had gotten the road as a result of a deal made in 1971. At that time they were looking to the start of the pipeline in the fall. They had done many things based on that assumption. The agreement says that after the road is complete, ALYESKA will reimburse the state for the costs of maintenance up until the time the pipeline starts. He said it did two things: 1) it took off for maintaining it at the State's cost and 2) it was an opportunity for the State to be in the area to decide where they want to be and where their camps should be.

Mr. Warwick asked whether they had reimbursed the State. Mr. Campbell said no, that it hadn't been much and the amount was pretty meager. Over three years, it was less than \$100,000.

Mr. Warwick asked if they were going to keep the Manley Road open. Mr. Campbell said they weren't because they had received a petition from all of the landowners there asking that it be kept closed.

Mr. Specking realized they had done a considerable amount of maintenance in Cordova/McCarthy and the whole thing in the South Central. He asked if they were going to be able to continue that sort of maintenance effort this year. Mr. Campbell replied that the plans were to complete the highway. However, they can't now because the Ninth Circuit Court in San Francisco has enjoined them from even maintaining the road as a result of a Sierra Club action.

Mr. Ose asked whether it was true or not that in the Palmer Maintenance area if a truck breaks down they have to call Anchorage because there isn't enough equipment in that area.

Mr. Campbell replied that the nature of construction equipment was such that if there was 80-85% availability, you were a hero. Palmer is one of the areas where availability is 85-90% of the time.

As long as they were talking about the road to Cordova, Mr. Warwick wanted to know how much they were going to spend. Mr. Campbell stated that in 1964 when the earthquake destroyed a lot of major railroads and since major railroad bridges had collapsed, the decision was made to build the road. This decision had been made before he was Commissioner, and when he came in, his people picked up where the former administration had left off. He explained it was a \$20-\$25 million project of which a substantial amount is federal earthquake funds.

Mr. Campbell went on to say that the project had changed a little. They had decided they weren't going to replace the million dollar bridge. They had also decided to go to a much lower standard of road. He said they could drive on all but about 25 miles of the road now.

Mr. Barber asked about federal funds for maintenance, and Mr. Campbell said they were all out of State funds.

Mr. Barber asked about the current picture regarding federal fund participation for new roads etc. Mr. Campbell said that we have the 1973 Highway Act projects for \$80 million for three years coming to the State of Alaska. However, this depends on the income coming into the Highway Trust Fund. The Gas shortage has reduced the revenues going into that fund, so it is possible that the \$80 million will go down to \$70 million or even \$60 million. The Federal Budget and Management people have impounded \$36 million of Alaska's funds under that program. He added that 95-5 is the theoretical match but really it is 88-12 in practical match.

Mr. Barber asked what was happening with the federal picture this year. Mr. Campbell said that they have categorized funds so particularly in order to serve the mass transit areas of the U.S. As a result of this the big bulk of the money is going to New York, Houston, Boston... The State of Alaska has received \$3.7 million per year to use in places over 5,000 population--Ketchikan, Juneau, Sitka, Kenai Anchorage, and Fairbanks. Alaska is fat in the rural areas, but really hurting in the cities.

Mr. Barber asked whether construction of new ferries was affecting the highways in the state. Mr. Campbell said not really, they did serve a need, and all of the ferry routes were on the Federal Aid Highway System. Mr. Campbell admitted that if they didn't spend money on the ferries they would probably spend it on roads, but that they were still meeting all obligations they had under last year's five year highway program.

Mr. Meekins asked about the federal funds for the mass transit energy crisis.

Mr. Campbell explained that those funds were taken out of the trust fund and put into the major areas outside. Anchorage is not even on the list. If there aren't two million people in an urban area, they aren't interested in talking to you. Under the Federal Aid to Highway Act Alaska gets \$3.7 million per year. Right now they are spending \$16 million in Anchorage on 30th Avenue alone.

Mr. Meekins said that the press had been misleading when it talked about \$16 million in the trust fund. Mr. Campbell said that \$16 million for mass transit was made available, but it was set up in such a way that it only fit the larger urban areas in the U.S. Alaska gets zilch.

Mr. Warwick asked how much of what was allowable to Alaska was impounded. Mr. Campbell said \$36 million.

Mr. Warwick asked if they expected this to be released eventually. Mr. Campbell hoped it would be. Mr. Warwick asked if they would be reappropriated. Mr. Campbell said no, when they leave the impoundment state, he thought they would have to be allocated for what they had been set for in the Act.

Mr. Campbell said that the Missouri Appellate Court had won an impoundment case like ours. Right now we are a member of the Louisiana suit. If successful, we will get the funds.

Mr. Warwick asked what year we were in now. Mr. Campbell said the first year. \$20 million are a carry-over from last year. Of this year's apportionment, we got \$66 million out of the \$80. Last year's money can be changed from rural to urban projects since they are not restricted like this year's funds. Thus, they could use them to try and meet some of the city needs.

Mr. Campbell explained that the state had three highway systems: primary, secondary, and urban. Under the previous Highway Act the funds could be interchanged from urban, secondary, and primary. That Act is gone. Now the Act says rural primary and rural secondary and urban. Now the system says they can't take rural system funds and spend in the urban area. They only get \$3.7 million to solve things in the City. \$20 million of previous funds is still old money, so it can be used in the urban areas.

Mr. Warwick asked whether it was Congress intent to let mass transit take care of urban needs. Mr. Campbell said the intent was to put money in the States with the most members in Congress.

Mr. Warwick asked how they determined what was urban and what was rural. Mr. Campbell said it was done by percentage to such and such an area. The only reason we got the rural funds was because of Texas. If Texas wasn't there with such a huge area, we wouldn't have gotten them either.

Mr. Warwick asked if there would be any objection to giving us the money and letting us do with it what we want to. Mr. Campbell said yes, because they want the money out of the trust fund.

Mr. Warwick asked whether the congressional delegation was aware of that problem. Mr. Campbell said he had kept all three members aware of what happened and what could happen all of the time it was being sheparded through Congress. He had talked with them almost daily on the telephone. Again, that was only three votes.

Mr. Warwick asked what we could do. Mr. Campbell said secede!

Mr. Campbell said the only thing we have now is the Alaska Assistance Program which gives us \$20 million a year for three years. The reason he didn't mention this earlier was to impress that urban funds were what we had. The office of Budget and Management jumped on the Assistance fund. There is no pressure from any other State except Alaska.

Mr. Haugen asked what maintenance and administrative costs were compared to revenues. Mr. Campbell didn't have the report with him. As he recalled, there were \$13 million in revenues and \$23 million in maintenance.

Mr. Warwick asked the Department's position on studded tires. Mr. Campbell replied there was no question in anybody's mind that studded tires were tearing up the highways. His question was what are the off setting benefits. Safety benefits were nebulous because you couldn't count accidents that didn't happen. The accident rate didn't decrease because of them, however. He noted that when Minnesota banned them, the accident rate went down.

There was much talk about the benefit of studded tires versus chains and vica versa.

Mr. Freeman asked whether Maintenance was all General Fund money. Mr. Campbell said yes, but there were a small amount of reimbursable funds from other departments outside State government--federal government, FAA, RCA...

Mr. Freeman noted that the Maintenance figure was \$17,690,000. He asked whether there were any earmarked funds involved in this left over from the old days. Mr. Campbell said that Gas Tax Funds went to the General Fund and were appropriated back out.

Debt  
Service

Mr. Haugen asked about Debt Service. He asked whether that was only on their bonds or whether it included ASHA. Mr. Campbell said ASHA payments were all included in the Operating Budget.

Mr. Warwick noted that the Governor has submitted some bond proposals for highway maintenance camps along the Haul Road. He asked if they were needed.

Mr. Campbell said they weren't set up for this year.

Mr. Warwick wondered why they couldn't use ALYESKA facilities. Mr. Campbell said they hoped to, but they still had to have funds for purchasing.

Mr. Warwick asked the value of going through ASHA. Mr. Charney, Director of Budget and Management, said that Highway Maintenance situations have been financed by ASHA in prior years. They were just following the precedent.

As Mr. Freeman recalled, the Governor had a proposal for a \$16 million authorization for highway matching and bonds. He couldn't remember whether they had been sold or issued or what. He asked if they required the State to issue new match bonds.

Mr. Campbell said that two years ago they had gone for a two million issue forecast on a cash flow basis. The appropriation this year is \$28.5 million. That funds the remaining highway funds in the 73 Highway Act, \$246 million plus any 73 funds unmatched. It completely matches all federal funds available.

Mr. Charney said two years ago they averted to a cash basis. He would like to get back on the track of giving matching funding. Bonds are only sold on the basis of cash needs. He would like to have the authorization to show the federal government they do have match available. If they don't have authorized match for impounded funds, then if the Court suit does release them, and they aren't authorized, they won't get them. He said it would be better to get back on the track and have authorization to match all federal funds.

Mr. Freeman thought this year's request was about \$340 million. He asked whether, for somebody like him who was a little scared at this point, it was absolutely necessary to the Highway Program that they authorized the bond for match. Mr. Charney said it wasn't absolutely necessary, but it was highly desirable.

Mr. Campbell said that it was a three year program on the bonds. Some of them couldn't be sold for three years.

Mr. Freeman asked whether it would be unreasonable to wait one more year for the bond authorization in the hopes there would be more money available. Mr. Charney told him that would mean going to a special election because bond authorizations are only done every two years.

Mr. Campbell said that if that were appropriated, the only thing they requested was that Highways be able to build the kind of building necessary. What they need is a maintenance building which is essentially warm storage--just a metal building with lights, a concrete floor, a furnace, a toilet and running water. It was an off the shelf building, and not necessarily architecturally sound.

There was much discussion on this, and it was decided that it could probably be taken care of through Legislative intent.

Mr. Campbell said that the maintenance camps wouldn't all have an impact on the General Fund in the same year.

Meeting recessed at 3:10 P.M.

RECESS

After Recess  
3:22 p.m.

Mr. Haugen asked about the impact budget.

Commissioner Campbell said that the Department has just entered into a contract with ALEYSKA for 13.5 million dollars. In return for this ALEYSKA will be permitted to hang their pipe on the Yukon Bridge which will be constructed and will provide for inspection and the impact of special maintenance.

He said that at this point they really don't feel able to break the \$13.5 million into code units, but he assured the committee that it will be spent very judiciously once ALEYSKA's plans become more certain. He said that \$9 million of the money will be used on construction of the bridge itself, and the other \$4.5 million will be for special roads, inspections and maintenance. This money shows up in the receivable section of the amendment to their impact budget.

Mr. Hogan asked if in the impact budget the surveillance program is going to go by revised program, and Mr. Campbell said that it is but it cannot be broken down until there is a firm schedule from ALEYSKA. He said that it would be futile to attempt to do so before that time. Mr. Hogan asked if an agreement has been signed with ALEYSKA and Mr. Campbell said yes - that actually there were four agreements. Mr. Hogan requested copies. Mr. Campbell expressed his feeling that what is really important in this agreement is that the state is getting income enough from ALEYSKA to cover the additional cost of the bridge necessitated by the pipe being hung, the special maintenance and necessary inspections.

In response to questioning by Mr. Freeman, Mr. Campbell said that the \$13.5 million does not show up the governor's impact budget, as the agreement was not worked out in time, but shows in the department's revised impact budget.

Meeting adjourned at 3:40 p.m.

**HOUSE FINANCE COMMITTEE**

**February 22, 1974**

**1:35 P.M.**

**PRESENT**

All members except Representative Ferguson. The following people were present from the Department of Highways: Mr. Bruce Campbell, Commissioner; Mr. Tom Johnson, Administrative Director; and Mr. Bruce Freitag. People representing Budget and Management, and people representing the Press were also present.

**GENERAL  
GOVERNMENT**

Acting Chairman Haugen called the meeting to order and said that the General Government Category was under discussion, in particular, the Highways Working Capital Fund. He asked Mr. Campbell to begin testimony.

**DEPT. OF  
HIGHWAYS**

The Commissioner explained that it was a revolving fund set up for running the statewide equipment fleet for all state agencies and maintaining all buildings under the responsibility of the Dept. of Highways. It is revolving in the sense that agencies pay into the Working Capital Fund for equipment they use. It is a self-sustaining fund.

**Working  
Capital  
Fund**

Mr. Johnson said this budget was probably the one they have had the most changes in. The FY 1974 authorized was \$6989.2 million, and the Governor allowed \$12747.5 million for FY 75, an increase of 82.3%. He said he was going to break that down into what normal increases would have been, and then separate the things budgeted this year that have not been budgeted for in the past.

If they pulled out the new one-time cost, they would have a budget for FY 1975 of \$7843.5 million, a 12.2% increase. That is made up of 13 new positions of which 4 were transferred from the Division of Aviation with the International Airport at Anchorage. Personal Services went from \$3,335.7 to \$3,765.5. He went on to name other changes. Travel went from \$58.0 to \$70.4; Contractual was reduced by \$74.7; Commodities went from \$2,176.3 to \$2,644.1; and Equipment went up \$39.7.

The other \$4.9 million increase has never been reflected in the capital budget in prior years. It covers the replacement of equipment. He said they had never budgeted for depreciation in the operating budget. This is the First year the Governor's Review Committee recognized it as operating cost.

Another cost not usually occurring in the Working Capital fund is administrative cost. \$409,000 was funded as actual cost of operation.

A third thing is that the Department used to charge all types of commodities to a specific vehicle. There were 200 items charged off, which is not much money, but a tremendous amount of work. \$225,000 is for an inventory procedure change so that they won't have to "nickle and dime" themselves.

Mr. Johnson stated that all of the items previously unreflected in this particular budget have been reflected somewhere in the State budget.

Mr. Warwick thought they had abolished the Working Capital Fund. Mr. Johnson said they had abolished the Fish and Game one, not theirs.

Mr. Warwick was concerned about depreciation--he didn't understand where it had been reflected before. Mr. Johnson said that their rates have been reflecting depreciation.

Mr. Campbell explained that since rates had already reflected replacement cost the only increase in rates was the normal increase for replacement cost which reflects escalation for replacement.

Mr. Charney, from Budget and Management, explained that looking at the budget bill itself, last year the appropriation for the Working Capital Fund was found in the operating budget plus the capital budget. This year the appropriation from working capital is all in the operating budget and Capital is in the reserve account. So, they have established a new reserve account.

Mr. Campbell said they were requesting no General Funds.

Mr. Warwick thought it looked like they were taking care of depreciation in the rate and appropriating a like amount for capital improvements. Mr. Campbell explained that the Capital Improvements came from the reserve funds and the reserve funds came from the rates.

OFFICE  
OF THE  
GOVERNOR  
  
Bicenten-  
nial Com-  
mission

Acting Chairman Haugen stated that the next item on the agenda was the Bicentennial Commission. Mr. Ed Tomco, Executive Director of the Bicentennial Commission for the American Revolution of the State of Alaska was present to testify. The Commission falls under the Office of the Governor. He asked Mr. Tomco to give his presentation.

Mr. Tomco explained that the purpose of the Commission in Alaska was to celebrate the 200th anniversary of the American Revolution statewide. The federal government allowed \$40,000 to fund himself and a secretary in an office. He said they had set up a methodical plan they intended to go by. He passed out copies of this Master Plan to the Committee.

Mr. Tomco went on to say that the federal government had also set aside another \$40,000 to match worthwhile projects in the State on a 50-50 basis. Last year it had been allocated to several projects in the State. One was Juneau's mining museum at \$7,500. They also helped with the Homer museum and the Alaska Flag Monument in Seward. They gave the U. of A. a little money to put out a weekly paper in 1976 depicting the news that same week in 1776.

Mr. Tomco said that this year he understood that the Federal Government was going to allow \$200,000 to be put out on a 50-50 match base. That money has not actually been received yet, but from the information he has, it is a sure thing.

He said they were getting set to operate next year, and, of course, they want to do their best to revitalize values and attitudes that actually started this country in the years that our constitution was set up. The Commission was very anxious to see to it that the entire state was involved in this program. He has been working with a Commission that is representative of the whole State. They have tried hard to get the smaller communities involved and they have structured themselves in a direction to give them what help they could. They have given help even to the extent of setting up a project and doing all of the typing for them.

Mr. Tomco said he was before them today with an amendment to the budget which they had before them. The reason is that they have found that the U. of A. is putting together a film archive in which they are collecting all of the old movie films that they can get and along with those that they have, they are going to run copies and put them together and keep them indexed in their library. They will be available to anyone to borrow. The figure they feel they need is \$46,000.

In addition to that figure for the University, there is also a smaller one of \$2,500 that they need for the Tanana Valley State Fair. They are putting together a Young Alaskan Tour Group for 1976 and also an Agricultural Museum. The Tour Group hoped to pull together to go throughout the State putting on different performances depicting programs that will reflect our heritage. They are hoping this will be a continuing thing, and that they will be able to raise enough funds to keep going from admission.

Mr. Haugen asked if this could be charged against the anticipated \$200,000. Mr. Tomco said no, because they didn't know they were going to get the \$200,000.

Mr. Tomco went on to say they were asking for funds from the General Fund to go along with the \$45,000 that they have for operation. They need it in order to get a little better coverage to cover the entire State. He noted that he had originally requested an Assistant, but the Governor hadn't allowed it although he had allowed a small amount for additional help.

Mr. Warwick noted that there was no General Fund Required matching in this budget. Mr. Haugen said this \$5,000 was to set up the Bicentennial Commission, to get it off the ground and provide a report to the Legislature. Mr. Tomco said the report was what he had given them copies of. He said there should be 60 of them in the mail for everybody.

Mr. Haugen asked if there had been money in excess of the \$5,000 to make it possible for them to make an early decision on the projects they were going to fund. Mr. Tomco said that money had come from the federal government--\$40,000, which was 50-50 match.

Mr. Charney said that local governments provided the match. The state provides the grant only.

Mr. Tomco explained that the federal money came to the State to hold. When the local government meets the requirements, the State releases the money.

Mr. Warwick asked about the \$40,000 and was told that money came to the State and was dispersed.

Mr. Kent Dawson Fiscal Analyst for Legislative Finance, explained that \$40,000 was appropriated in the budget as operating money. Then, on top of that \$40,000 was provided for projects to be matched 50-50 by local communities. At this time they haven't come up with a Revised Program to get authority to put in all of the programs.

Mr. Charney said they hadn't received the Revised Program yet.

Mr. Warwick asked if the \$200,000 was in addition to the \$45,000 in their budget now, whether they planned on sending down for revision on that. Mr. Tomco said yes.

Mr. Warwick said he had read various articles saying that the Commission wasn't going very well. Mr. Tomco said there had been problems on the National level. Right now they are setting up a new director, who he hears was high up in the Navy. He added that it had been changed to a Commission from an Administration.

Mr. Tomco said that should this \$200,000 materialize, he didn't know what Alaska would get out of it. He said it was a good time for them to reach the young people and let them know what we have in the way of a government.

Mr. Warwick asked how much the Federal Government planned to spend on program match. Mr. Tomco said that right now they had appropriated \$20 million--\$10 million to take care of the \$200,000 grants to States, and \$10 million to put up for worthwhile match programs that the States should come up with.

Mr. Warwick asked whether Alaska would have some of these worthwhile match programs. Mr. Tomco said they were hoping so, and that they have been thinking of some with an international flavor. For example, on the Aleutian Islands there are some graves they would like to commemorate. They have also been thinking of doing something on the whale industry.

Mr. Warwick knew that the \$200,000 came out of the \$10 million, but he wondered where they got the \$45,000. Mr. Tomco said they intended to get that from the sale of coin sets. They tell him that they

Mr. Saylor asked about the resolution introduced in the House last week designating Anchorage as the official bicentennial city. Mr. Tomco said that couldn't be done. He didn't know how it came up, and that it couldn't help the statewide program.

Mr. Barber asked about the Bicentennial Park in Anchorage, and was told that it had the Commission's blessing.

Mr. Specking asked about the Eskimo museum at Barrow, and was told that the Commission thought it something very worthwhile, but financially, they didn't see it as something they would have funding for.

Mr. Ose asked if it was a one-shot deal as far as the federal government financing it, and Mr. Tomco said it was.

RECESS

Meeting recessed at 2:15 P.M.

AFTER RECESS  
March 18, 1974  
Monday  
7:15 p.m.

**Present:** Committee members Oral Freeman, Ernie Haugen, Andy Warwick, Bud Saylor, Keith Specking. Also present was Jay Hogan, Director, Legislative Finance.

**TRANSPOR-**  
**TATION**

Representative Freeman, Chairman, called the meeting to order; the purpose of the meeting was full committee consideration of the program category "Transportation" for the FY 75 budget.

The full committee tentatively accepted those figures which were recommended by the subcommittee on Transportation (Warwick and Haugen). Explanations for the figures and positions tentatively accepted during this meeting are to be prepared on the House Rule Print-out.

Representative Haugen requested that Mr. Hogan look into the road maintenance for the old Glacier Highway in Juneau which will run parallel to the new Glacier Expressway. Rep. Haugen wished to know if this will be maintained as a local service road by the city and borough.

Representative Haugen also suggested that during the interim following this session, the contractual figures in the administrative areas should be examined thoroughly. All departmental reports are done through Contractual Services; by paring down some of those reports, it may be possible to save a great deal of money in Contractual Services.

For all tentative figures in this program category, and for all comments regarding those figures and positions allowed and disallowed, see the House Rule Print-out.

**Adjourn:** The Committee adjourned at 8:40 p.m.

JUD

JOINT SENATE/HOUSE FINANCE COMMITTEES

February 8, 1974

2:00 p.m.

sent:

Senators Groh, Poland, Butrovich (Senate Finance Committee); Representatives Freeman, Warwick, Haugen, Barber, Meekins, Saylor, Specking, Ose, Ferguson (House Finance Committee); Other interested Legislators: Senators T. Miller, Pete Meland, Lowell Thomas, Jr.; Representatives Fink, Banfield, Silides, McVeigh, Guy and Malone.

Judicial Council: Jay Rabinowitz (Chief Justice), Kenneth Brady, Eugene Wiles, Mike Stepovich, Mike Holmes, Lew Williams; Bob Hicks, Executive Director, Alaska Judicial Council

Joe LaRocca, news reporter; Elaine Mitchell, Alaska Educational Broadcasting; Mary Pat Murphy, Associated Press; Ken Roberts, free-lance photographer.

Chief Justice Rabinowitz called the meeting to order and introduced members of the Judicial Council, and Executive Director of the AJC, Bob Hicks.

Alaska  
Judicial  
Council

Mr. Hicks reported on studies the Judicial Council is presently involved in. One such report is a study of the Public Defender Agency. This is being duplicated at this time, and draft copies will be available to committee chairmen today. Another study is one which Senator Groh had requested about a year ago, entitled the "Fee Structure of the Alaska Court System."

Another study presently being done by the Council concerns Judicial Districting in Alaska. Mr. Hicks stated that the Council has just about received approval of two LEAA grants for studies it will make on the bail process and sentencing process in Alaska. The Council will also undertake a study of outside prison facilities--what we are receiving for our money when we send prisoners outside the State.

Council co-chairman Mike Stepovich reported that the Judicial Council unanimously agrees with the "Judicial Compensation Position Paper" published by the Alaska Court System, except, the Council recommends that judicial salaries be increased as follows:

Supreme Court	\$ 60,000
Superior Court	45,000
District Court	35,000

He noted that judges have not had a raise since 1970, except for District Court judges who had a raise in 1972. He said the Council felt that judges must have prestige in the community and good life habits.

Council member Kenneth Brady stated that many people in the construction industry are more highly paid than judges in Alaska. He felt we should give judges something in the area of what a good lawyer in Anchorage, Fairbanks or Juneau makes.

In answer to Representative Freeman's question, Chief Justice Rabinowitz said present judicial salaries are:

Supreme Court	\$36,000
Superior Court	\$33,000
District Court	\$27,500

Mr. Stepovich said the Council thought the salaries recommended in the report published by the Alaska Court System were too low. The Court System's recommendation was:

Supreme Court Justices	\$45,000
Superior Court Judges	\$40,000
District Court Judges	\$33,500

Council member Mike Holmes pointed out that although the Chief Justice is on the Judicial Council, he did not vote or take part in the discussion on salaries. The Judicial Council is an independent body interested in the administration of justice--it is not part of the court system. He said the Council's feeling on salaries was that in order to attract and keep good judges, we must pay them adequately.

Senator Groh stated that there have been discussions in the Legislature concerning the actual value of the existing retirement program in the judicial system. They are constantly advised by various members of the Legislature and others that the real value of that retirement is extremely substantial. Is there any way the Council or court system can advise of the net worth of the retirement system? Mike Stepovich said it is estimated to be worth \$10 - \$12,000 a year; however, judges do not get that money until they reach a certain age. It does not help them with day-to-day living.

Rick Barrier, Budget Officer, Alaska Court System, stated that Judge Fitzgerald has asked him to prepare a statement on that. He will see that it is submitted to the Legislature. Mr. Barrier pointed out that the value of the retirement system, when it is discounted over twenty years, will decrease substantially.

In answer to Representative Freeman's question, Chief Justice Rabinowitz stated that there are presently five Supreme Court Justices, sixteen Superior Court Judges and sixteen District Court judges.

Senator Meland asked what has been accomplished in the last two years as far as salaries of magistrates. Are they still working for \$3 an hour? He remarked that magistrates do take the place of District Court judges many times as fill-ins.

Chief Justice Rabinowitz replied that they are doing their best to upgrade the position of magistrates. The pay scale in many locations has been raised; and in some instances, they have recommended elimination of some positions where there is no business. He said the Legislature should be receiving a report within two weeks showing past magistrates salaries and a recommended pay scale.

In answer to Senator Meland's question concerning size of salary increases, Mr. Berrier said the Kenai magistrate, who is one of the busiest in the State, makes \$21,000. The majority of full-time magistrates make about \$15,500. He noted that the majority of the request in the operating budget for next year relates to magistrates in smaller communities. He said in their present budget request, a majority have been upgraded from \$3500 to \$5000 a year. These are part-time positions.

Senator Groh cited figures from the Administration of Justice budget. He commented that we are all aware that there has been a breakdown in the administration of justice system, at least in the Anchorage area right now. The question becomes, "where is the problem and what efforts can be made to resolve the issue." He stated that the bulk of bills introduced in the Legislature attempts to address that issue. He wanted to know "when do we sit down and see where the breakdown is?"

Chief Justice Rabinowitz replied that at the Supreme Court Conference, several justices felt that he, as Chief Justice, ought to call all the agencies together to see what we are going to do to improve the situation. One Justice thought he should go to Anchorage to solve the jurisdictional dispute. He said he did not think it is his position to try to solve that kind of political dispute. He said he is willing to cooperate on levels other than that. He noted that the court system is going to have an annual review of their rules and will be doing these things on their own. He did not see himself in the role of calling together executive agencies, however.

Senator Groh asked, would Chief Justice Rabinowitz be willing to cooperate and participate? Chief Justice Rabinowitz stated that he would be willing.

Kenneth Brady stated that everybody in Alaska agrees that we need to do something about the law and order situation. Everybody blames the court system, when as a matter of fact, the judges are only interpreting the law, not making it. He felt we ought to take a look at amending the Constitution to where it says that punishment is a deterrent to crime. He also suggested that we work towards providing a speedy trial for people arrested, and not let them out of jail until they have been tried. He said one of the problems in Anchorage is that repeaters are let out on bail and promptly commit other crimes.

Senator Butrovich remarked that one of the reasons that the Public Safety Commissioner resigned was because when offenders were tried they merely received a "slap on the wrist."

Mr. Brady said, in his opinion, the laws are written to defend the criminals, and that is what the people of Alaska object to. He said we should face up to it--repeaters should not have rights.

Lew Williams, Council Member, stated that they had quite a discussion in a Council meeting concerning the Public Defender Agency. This is just one area where there has been criticism of the entire justice system. He said their study is one that is long overdue. However, up until this year, they were never allocated any funds to do anything. He said we have been accumulating problems for 13 years, and finally are getting into them. He said the Public Defender report will give us some concrete recommendations on what we can all do to make it work. However, we should not assume that this (breakdown in justice) is a prevalent thing, just because the rape of a six-year old girl was publicized.

Senator Groh noted that out of the whole Administration of Justice budget, we are spending \$12 million to reform offenders. He said he is not sure the reform is really working.

Council member Eugene Wiles, addressing himself to Senator Groh's point, stated that the Alaska Judicial Council is the agency that can coordinate the differences between the different aspects of the judicial system. He said they met with the Parole Board and other agencies that are a part of this system in trying to coordinate their efforts. He felt Mr. Hicks has done an excellent job in that regard.

Mr. Hicks explained that before they begin a job, they first see what other agencies are doing in a certain area. He said he spent some time working with the Criminal Justice Planning Agencies to coordinate efforts and define roles. They have worked out a relationship whereby Criminal Justice Planning is doing more or less planning functions. The Judicial Council can do the kind of data collection and background work necessary in the context of criminal justice planning. He said they do not want to get into wasting their money or duplicating efforts of other agencies doing their own studies. They have defined the Council's study role as being that of doing interagency studies, studies on request; or doing a study for an agency where a conflict might exist.

Representative Haugen stated that it seems to him that about five studies are underway by the Council at the present time. He did not think these studies are going to come out in time. He said people are really disgusted, and they are not willing to spend more money--they want results soon. Concerning correctional holding facilities, Representative Haugen said he knew of one holding institution in Alaska that the Finance Committee funded last year, and they haven't even hired a watchman yet. He said people are generally blaming everybody down the line. Crime is increasing and things are not getting better.

Mr. Brady mentioned that during the next election, one of the Council's work projects is to rate the judges up for election; and if they do not measure up, they will publish the fact in the newspapers.

...the Judicial Council  
Voted to approve these studies long before the Legislature  
convened. In no way is the Council telling the Legislature  
to hold up on any particular bill before it. He said today  
they are reporting to legislators on what the Judicial  
Council is doing with the money that was budgeted for it.  
He said he will report on specific statistics when he makes  
his "State of the Judiciary" message before the Legislature  
(i.e., how many people were arrested for certain crimes,  
how many on probation, average sentences, etc.)

Representative Barber said we are tired of studies. He felt  
that people of the Judge's intelligence must form in their  
minds some reason in back of all this harrassment of the  
court system. He said he failed to see how people of their  
competency can see this continuing cycle parade before them  
and not have some idea of what is wrong with our system. He  
said there is something wrong with our system, and the answer  
should come from those who work in the system.

Chief Justice Rabinowitz said they may be better able to  
determine where the breakdown is when all the statistics are  
compiled and reviewed. This should be done in about two weeks.  
Until then, he did not feel he could make a judgment in that  
regard.

Senator T. Miller commended the Chief Justice's attitude in  
that respect. He said he did not think in the past the Council  
has functioned as the Constitution intended, but it sounds as  
if they are beginning to. He said we do have a major public  
concern, aggravated by the fear of the pipeline impact. He  
said he would hate to see the Council rush in before they have  
the data. However, he felt the Legislature will act anyway,  
because the public is demanding it. Senator Miller said, if  
possible, he would like the Council to include in its report  
a report on the plea bargaining practice in Alaska--how  
extensive is it, particularly in the major crime category.  
Also, how much is court congestion contributing to this?  
Chief Justice Rabinowitz replied that one of the studies the  
Judicial Council is doing with LEAA funds is on the entire  
subject of plea bargaining.

Representative Banfield stated that several jurists have told  
her that one of the reasons they are unable to convict more  
people is because of faulty police work and poor work on the  
part of the prosecuting attorneys. She wanted to know if  
these two areas will be covered in the Council's report.  
Chief Justice Rabinowitz replied that he did not think they  
are in the scope of the studies he mentioned. Mr. Hicks said  
the report will try to identify why a case was dismissed, or  
a plea changed, and try to identify whether it was because of  
lack of evidence, manpower shortage, etc. However, he did  
not know how extensively they can do this, as they are working  
through information in the files.

Representative Ose asked if the Chief Justice thought that the Public Defender's office, which is intended for indigents, is being abused. The Chief Justice replied that the Judicial Council's report acknowledges that there is abuse; however the agency does not have time or the expertise to screen people. The report recommends that applicants for the Public Defender's services be subjected to an oath before a judge, attesting to the fact that he cannot afford counsel. Representative Ose remarked that if this abuse is corrected, there will not be a need for more public defenders.

Mr. Brady said his view on public defenders is that we should eliminate them and go back to the original system of court-appointed lawyers.

Representative Silides stated that we are talking about a vicious circle. He hoped something is done that will break that cycle. He said the same thing has happened at this table--we are going around and around and passing the buck.

Council member Lew Williams stated that the Council has found that some of the attorneys being hired to replace the public defender have not been too consistent in their charges. Fees for outside attorneys are taking up to 18% of the public defender budget. He said the Council is recommending that that responsibility be put on the court system and that part of the defender's budget transferred. In addition, they are recommending some kind of uniform standard fee scale.

Responding to Senator Gsch's question, Chief Justice Rabinowitz stated that the Judicial Council reviewed the Operating Budget, the Capital Budget, and the Pipeline Impact Budget of the Alaska Court System--no other component of the criminal justice system's budgets were reviewed.

Representative Meekins asked if the Judicial Council is a Constitutionally-authorized body. Chief Justice Rabinowitz replied "yes.". He said one of their duties is to nominate judicial vacancies appointments to the Governor. Another duty is to make recommendations and studies for improvement of the judicial system in Alaska. These recommendations are suppose to go to the Legislature and the Supreme Court.

Representative Meekins commented that, until recently, the second duty was not performed. Chief Justice Rabinowitz acknowledged that that was correct. Up until recently, they never had funds for an executive director or any staff support.

Representative Meekins wanted to know if there had been any studies done before (funding) or have they been done by other agencies? Chief Justice Rabinowitz replied that they have done some, but no real detailed studies, except for sentencing jurisdiction.

Council is receiving from LEAA. Mr. Hicks replied that they have applied for three grants, totaling \$66,000, for: (1) sentencing examination; (2) bail; and (3) criminal justice standards, including prosecution, defense, and the court system.

Representative Meekins asked if the Council has any recommendations for gathering of statistics. If the Legislature is going to make decisions on the Council's recommendations, they must have some sort of retrieval system. Chief Justice Rabinowitz replied that the court system is doing that. They ordered it over eight months ago.

Representative Ose asked if Chief Justice Rabinowitz had looked into the new Eagle River correctional home. It seems the prisoners have many privileges, such as private rooms, honeymoon privileges, etc.

An unidentified man in the audience asked if the Council should not investigate crime at the top. What about people who are committing crimes by redistributing stolen goods? He stated that two weeks ago in the Anchorage News, it was stated that some high officials were actually involved in that time of crime.

Adjournment

The meeting was adjourned at 5:20 p.m.

HOUSE FINANCE COMMITTEE

February 14, 1974

3:15 P.M.

**PRESENT** All members of the Committee except Representatives Hauge, Warwick Meekins, and Ferguson. (Mr. Meekins & Mr. Ferguson arrived later) Mr. Rich Berry, from the Alaska Court System, was also present.

**ADMINIS-  
TRATION  
OF JUS-  
TICE** Mr. Freeman called the meeting to order and turned it over to Mr. Ose, the Chairman of the Sub-committee on Administration of Justice.

**ALASKA  
COURT  
SYSTEM** Mr. Ose stated they would be hearing testimony on the Alaska Court System budget. He asked Mr. Berry to begin his presentation.

Mr. Berry stated that he was the Manager of Fiscal Operations for the Court System and that he had prepared all of the budget documents. One basic fact, he made was that they had tried to prepare a budget at the maintenance level which reflects the maintenance cost of the Court. They also put in a small amount of money for change, expansion of programs, and better service. He wanted to discuss the maintenance level which was based on historical cost and projected cost.

The first thing to notice in the maintenance level budget is that they have asked for basically no additional discretionary resources--positions, travel, or anything. It is basically the same as the present operating budget.

The present operating budget is \$9,368,000 and the FY 75 proposed budget is \$10,240,000. There is a \$900,000 increase in the budget with no additional resources. The explanation is that it is related to facilities which the Court has been appropriated by the Legislature mainly through ASHA funding. They will have actually \$810,000 in additional bond costs for ASHA which the Department of Administration has told them to budget. Budget and Management controls that money. There is also an additional \$37,000 for fire insurance above what was budgeted for this year. They pro-rated the insurance cost over the total value of the buildings over the building they are in now. He added there was approximately \$50,000 in assorted costs related to the new facilities. For example, in Anchorage, they will be in the new building 1/2 year this year and a whole year next year. There is \$30,000 extra for telephone payments. He said there would be moving cost into Valdez, Sitka, and Juneau and additional GSA leases like in Nome.

Mr. Specking asked about Valdez, and was told that it may or may not come about in FY 75. There was an estimate that it was to be completed in the early fall of 1975.

Mr. Berry continued saying these figures added up to approximately \$900,000 worth of expenses. The only additional resources are to the extent that they have more space. They should be more pro-