

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**March 20, 2003**  
**9:07 AM**

**TAPES**

SFC-03 # 26, Side A  
SFC 03 # 26, Side B

**CALL TO ORDER**

Co-Chair Gary Wilken convened the meeting at approximately 9:07 AM.

**PRESENT**

Senator Gary Wilken, Co-Chair  
Senator Lyda Green, Co-Chair  
Senator Con Bunde, Vice Chair  
Senator Ben Stevens  
Senator Robin Taylor

**Also Attending:** KAREN MORGAN, Director, Division of Administrative Services, Department of Public Safety; DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue; BRYAN BUTCHER, Legislative Liaison, Alaska Housing Finance Corporation, Department of Revenue; LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue; WES WEIR, Director, Division of Public Housing, Alaska Housing Finance Corporation, Department of Revenue

**Attending via Teleconference:** From Anchorage: JULIE STINSON, Department of Administration

**SUMMARY INFORMATION**

SB 100-APPROP: CAPITAL PROJECTS

The Committee heard presentations from the Department of Public Safety and the Alaska Housing Finance Corporation. The Department of Administration provided testimony pertaining to a joint Department of Public Safety/Department of Administration request. The bill was held in Committee.

#sb100

SENATE BILL NO. 100

"An Act making capital appropriations and reappropriations; capitalizing a fund; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

This was the fourth hearing for this bill in the Senate Finance Committee.

Department of Public Safety

[Note: The Department of Public Safety FY 04 capital project presentation is a continuation from the March 19, 2003 meeting.]

Fairbanks Public Safety Bldg - Indoor Firing Range Lead Removal

\$ 66,000 General Funds

Reference No.: 37779

Project Type: Renewal and Replacement

Category: Public Protection

Location: Fairbanks (University, Ester)

Election District: Unidentified Election District

Estimated Project Dates: 07/01/2003 - 06/30/2005

One-Time Project

The Department of Public Safety building in Fairbanks (state-owned) requires removal of toxic lead contaminants in the indoor firing range.

KAREN MORGAN, Director, Division of Administrative Services, Department of Public Safety stated that this request would provide funds to clean up toxic lead contamination associated with the firing range in the Fairbanks' public safety facility.

APSIN Redesign Implementation Phases 4 and 5

\$ 8,000,000 Federal Receipts

Reference No.: 37719

Project Type: Information Systems

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Phased Project

The Alaska Public Safety Information Network (APSIN) serves over 2,600 local, state, and federal criminal justice users. It's based on obsolete 1980s technology. The current system has been updated to meet minimal requirements for the new

National Crime Information Center (NCIC) 2000 requirements, but unless the State implements a modern, fully-integrated system, Alaska will not have an effective criminal justice information system. Federal grant funds have been received for this project, and this request is for capital authorization for those funds. The total request will also allow for future expected federal awards.

Ms. Morgan explained that this request would allow the continuance of a multi-phased project to update the Department's primary criminal justice information system in order to meet federal standards pertaining to criminal history data and reporting. She stated that this update would allow information to be accessed by local, state, and national enforcement agencies. She noted that the system requirement analysis phase has been completed and that this phase would address system design.

Co-Chair Wilken asked whether these funds would be sufficient to complete the project.

Ms. Morgan voiced uncertainty as to whether the requested funds would complete the design phase of the project. She shared that the Department calculates the expense of each phase on the information gathered from previous phases. She furthered that the next phase, or "actual development" phase, is expected to require approximately three million dollars.

Co-Chair Wilken asked whether a State match is required in order to receive the federal funds.

Ms. Morgan responded that a State match is optional. She continued that, were the State to allocate funds to this project, they would be appropriated from the Department's general fund operating budget appropriation.

Marine Fisheries Patrol Improvements  
\$ 1,080,320 Federal Receipts  
Reference No.: 35825  
Project Type: Health and Safety  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 10/01/2003 - 09/30/2004  
On-Going Project

The Alaska State Legislature urged the Division to seek additional funds for its patrol efforts in Federal waters of the North Pacific Ocean and the Bering Sea. This project is a result of lengthy negotiations with the National Marine

Fisheries Service. Federally regulated marine fisheries occur on a year round basis in the coastal and offshore waters of the State of Alaska. Both the Federal and State Governments share an interest in ensuing these fisheries are protected.

Ms. Morgan explained that the federal funding authority of this request is, at this time, "doubtful," as it "may be diverted, in whole or in part" to national homeland security. She stated that the request is being presented in case funds become available.

Statewide Illegal Drug and Alcohol Use  
\$ 2,000,000 Federal Receipts  
Reference No.: 38477  
Project Type: Health and Safety  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 10/01/2003 - 09/30/2005  
One-Time Project

Rural Alaska continues to suffer serious, life threatening effects from use of illicit drugs and alcohol. This federal grant will allow the state to enhance the efforts of state troopers, local law enforcement, and community policing teams to reduce illicit drugs and alcohol. The use of these illicit substances increases the prevalence of violent crimes such as homicide, sexual assaults, robberies, burglaries and serious domestic violence assaults in rural Alaska.

Ms. Morgan stated that this request pertains to a continuation of a project to address illicit drug and alcohol use in the State. She communicated that, "indications are" that these federal funds would continue to be available to the State.

Rural Law Enforcement Training and Equipment  
\$ 1,500,000 Federal Receipts  
Reference No.: 38479  
Project Type: Health and Safety  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 09/30/2005  
One-Time Project

The Department of Justice, Office of Community Oriented Policing Services will be awarding the Alaska Department of Public Safety \$1,500,000 to train law enforcement personnel in rural locations to increase their ability to deal with crisis situations and to purchase equipment for better responses to emergencies

Ms. Morgan stated that the Department has received this federal funding in the past and anticipates receipt of them in FY 04. She stated that these funds would be used primarily to support "community oriented policing services throughout Alaska" with the focus to provide training to local law enforcement personnel, such as Village Public Safety Officers, in rural locations.

Co-Chair Wilken observed that the projected FY 04 funding amount is almost triple the FY 03 funding level.

Ms. Morgan understood that these federal receipts would be allocated over several years.

Communications' Systems Upgrade

\$ 1,500,000 Federal Receipts

Reference No.: 38511

Project Type: Equipment

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2006

Phased Project - Underway

State Match Required

The Department of Justice, Office of Community Oriented Policing Services, Law Enforcement Technology Program will be awarding \$1,500,000 to the Alaska Department of Public Safety (DPS) to upgrade its communications' systems. DPS will work the Alaska Department of Administration (DOA) to continue coordination of this project. It may be spent on DPS-specific emergency communications equipment, or on contracts related to the department's emergency communications' needs. DPS may also contract with DOA utilizing funding from this project for an intra- and inter-jurisdictional strategy for communications interoperability among federal, state, and local public safety first responders in Alaska.

Ms. Morgan stated that this funding would allow for the continuing implementation of the Alaska Land Mobile Radio (ALMR) communication project. She continued that while the funds would primarily be used to purchase equipment for the Department of Public Safety, related ALMR related services provided by the Department of Administration would also be funded. She voiced confidence that this federal funding would be forthcoming, and she specified that the required State match would be provided by the Department of Administration. She stated that the Department of Public Safety would receive the federal funds and that an inter-agency agreement would be established with the Department of Administration.

Co-Chair Wilken asked for further information regarding how the purchase of this equipment relates to the ALMR project.

Ms. Morgan shared that the equipment would improve communication abilities between various law enforcement entities.

JULIE STINSON, Department of Administration, testified via teleconference from an offnet site to state that these funds would primarily address the need to enhance State Trooper equipment; specifically to provide radios that would comply with the new ALMR system and would expand coverage areas.

Ms. Morgan informed the Committee that another Department of Public Safety capital project request is included on page 47, lines 5 through 11 in Section 7 of the bill, Version 23-GS1003\A that reads as follows.

Sec. 7. DEPARTMENT OF PUBLIC SAFETY. (a) The proceeds from the sale of four Department of Public Safety aircraft and surplus aircraft parts and accessories are appropriated from the general funds to the Department of Public Safety for the purchase of replacement aircraft or for aircraft maintenance.

(b) The proceeds from the sale of one vessel and surplus vessel parts and accessories are appropriated from the general funds to the Department of Public Safety for the purchase of replacement vessels or for vessel maintenance.

Ms. Morgan stated that this language would provide the authority to use the proceeds from the sale of an aircraft and surplus aircraft parts and accessories to be combined with previously appropriated funds to purchase a replacement aircraft.

#### Department of Revenue

DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue stated that while he is available to answer questions, the Corporation's Budget Director, Les Campbell, would be presenting the Alaska Housing Finance Corporation's (AHFC) capital budget project requests.

BRYAN BUTCHER, Legislative Liaison, Alaska Housing Finance Corporation, Department of Revenue attended and was available to answer questions.

Housing Loan Program/Teacher/Health Professionals Housing  
\$ 4,300,000 Corporate Receipts  
Reference No.: 37918

Project Type: Transitional  
Category: Housing/Social Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
Housing Loan Program/Teacher Housing utilizes Corporate (AHFC) funds to supplement the Corporation's popular housing programs. This new program will help replace diminishing arbitrage funds. These funds will allow AHFC to continue current programs and expand business opportunities with new Teacher Housing Program(s) and Health Professionals Housing Program(s). It will also provide funds to support a statewide housing conference.

LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue reviewed the Corporation's success in managing arbitrage funds to provide low interest rate mortgage loans to low-income people, senior citizens, and special needs populations. He stated that this new program would enable AHFC to continue to offer a program that has previously been funded by arbitrage funds. In addition, he noted that the program would be expanded to provide low interest housing loans to teachers and health professionals.

Supplemental Housing Development Program  
\$ 4,500,000 Corporate Receipts  
Reference No.: Ref 6323  
Project Type: Construction  
Category: Housing/Social Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2002 - 06/30/2008  
Supplemental Housing Development Program - Corporate (AHFC) funds to supplement Federal (HUD) funds to construct decent, safe and sanitary housing through regional housing authorities established under AS 18.55.996. Funds are used to cover housing development costs related to water distribution, sewer hookups, electrical distribution systems, and road construction to project site, site development, and energy efficiency improvements. State laws limit the use of these funds to 20% of the HUD's total development cost per unit. These funds are prohibited from being used for administrative or other costs of the housing authority.

Mr. Campbell read the project description as specified on page 3-5 of the "Alaska Housing Finance Corporation Executive Budget Summary 'Results-Oriented' Proposed FY 2004 Draft Capital Budget," dated March 11, 2003 [copy on file].

Co-Chair Wilken asked whether a list of the identified projects has been provided to the Committee.

Mr. Campbell responded that the funds would be provided directly to the Regional Housing Authorities who have developed a list of projects. He furthered that the funding mechanism of this program is the Native American Housing Self Determination Act (HSDA) program. He stated that a total of approximately \$50 million would be appropriated to build new housing projects in rural areas through this program.

Co-Chair Wilken referred to the list of projected outcomes as specified on page 3-5 of the report, and he asked the identity of the 20 communities in which the 400 affordable homes would be built, as referenced in that list.

Mr. Campbell responded that AHFC has received a list of projects that meet the eligibility requirements of this funding. He stated that the list amounts to \$11,710,000, and he noted that, due to the limited funding, projects would be chosen from that list.

Co-Chair Wilken surmised, therefore, that AHFC would determine which projects on the list would receive the funding.

Mr. Campbell concurred.

Co-Chair Wilken asked that a copy of the list be provided to the Committee.

Low-Income Weatherization Program

\$ 5,800,000

    \$ 1,800,000 Federal Receipts

    \$ 4,000,000 Corporate Receipts

Reference No.: 6332

Project Type: Renovation and Remodeling

Category: Housing / Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Low Income Weatherization Program - Federal US Department of Energy (DOE) and Corporate (AHFC) funds to assist low- and moderate-income families attain decent, safe, and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).

Mr. Campbell read the project description as denoted on page 3-7 of the Report.

Senator Bunde asked whether the Regional Funding Allocation information, as referenced in the Report on page 3-8, reflects the allocation of the total amount of the FY 04 request.

Mr. Campbell responded yes, and he stated that the proposed FY 04 funding percentages mirrors those of previous years.

Co-Chair Wilken asked whether the federal match portion of this request is affected by the AHFC dividend that is paid to the State.

Mr. Campbell stated that there is no direct AHFC match required for this request. He noted that the federal funds received would be directly passed through to the Regional Housing Authorities.

Co-Chair Wilken pointed out that the federal funding history of the program is random from year to year.

Mr. Campbell responded that the weatherization program would receive \$1.8 million in federal funding regardless of Legislative action.

Mr. Campbell noted that due to [unspecified] restrictions on the federal weatherization program, Corporate funds are required to enable the weatherization program to be offered on a statewide basis.

Senior Citizen's Housing Development Fund (SCHDF)

\$ 2,000,000 Corporate Receipts

Reference No.: 6334

Project Type: Transitional

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Senior Citizens Housing Development Program - Corporate (AHFC) funds for the development of senior citizen housing. Competitively awarded grants are provided for the purchase of building sites, site preparation, materials, construction, and rehabilitation of existing housing. Organizations qualified to apply include municipalities and public or private nonprofit corporations. Additional components include grants for accessibility modifications to senior homes and grants (up to \$25,000) for nonprofit senior organizations to pay for preparation of plans and project feasibility studies,

appraisals, site preparation, and other pre-development activities.

Mr. Campbell read the project description as specified on page 3-9 of the Report.

Senator Bunde asked that further information be provided regarding applicant qualifications and specifics as to how the loan would be applied to a successful applicant.

Mr. Campbell responded that this "Gold Program" could award a successful applicant "a tax credit from the home program or the senior housing program." He stated that, in addition, this tax credit could be combined with a loan mortgage from the Corporation. He stated that the Senior Housing program is included in this program in order to make the overall program "viable."

Senator Bunde asked for further information regarding the benefits awarded to an applicant.

Mr. Campbell stated that to qualify for the program, the applicant must be a non-profit entity or a municipality. He stated that the funds must be used to build senior housing.

Senator Bunde surmised therefore that once a senior meets the requirements and is placed on the needs list, a non-profit would build the housing. He asked what the senior's obligation would be at that point.

Mr. Campbell responded that each program has different requirements. He exemplified that the tax credit program has specific income level requirements.

Mr. Fauske interjected that federal guidelines for the tax credit program include the requirement that the senior be 55 years of age as compared to a minimum age of 60 as required by AHFC. He stated that there are a variety of income restrictions offered in the various programs, and he attested that AHFC works with entities and attempts to "blend" the funding to allow the various projects to work.

Senator Bunde surmised therefore, that this program would benefit someone such as a senior who has a low income.

Mr. Fauske concurred.

Senator Bunde stated that his questioning is an attempt to show that housing programs are available to assist seniors, as he

asserted, it is being argued that the elimination of the senior citizens' Longevity Bonus Program would "throw seniors in the streets."

Mr. Campbell noted that the housing for seniors that would be provided in this legislation would be by the private sector. Furthermore, he pointed out that, as such, the State would not be responsible for the building's operation.

Mr. Fauske stated that in anticipation of a change in the Longevity Bonus Program, AHFC investigated the affect that the loss of the longevity bonus might have on senior participants who occupy public housing through AHFC. He furthered that, based on AHFC calculations, the loss of the Bonus would lower the senior's income level, and thereby would lower the senior's rent obligation by approximately \$80 per month.

Co-Chair Wilken voiced concern that the cost of the housing projects as identified on page 3-10 in the Report equates to approximately \$225,000 per unit.

Mr. Campbell recognized the expense as fairly accurate. He stated that the grant cost per unit for AHFC is approximately \$19,531, and he continued that other funding sources also contribute to the effort.

Co-Chair Wilken asked whether the Cook Inlet Housing Authority's Anchorage project that is identified in this request on page 3-10 is a renovation or new construction project.

Mr. Campbell specified that the Cook Inlet Housing Authority project is new construction.

Co-Chair Wilken stated that at \$225,000 per unit, these must be "wonderful" units.

Mr. Fauske clarified that the expenses include the cost of constructing community centers and buildings in addition to the unit cost. He agreed that these are expensive projects to develop; however, he stated that attempts are made to hold costs down.

Co-Chair Wilken responded that he recently purchased a unit in a complex with a community center and comfortable amenities at a lower price than this. Therefore, he continued to question the cost.

Mr. Fauske stated that AHFC would provide the Committee with additional information regarding these costs.

HUD Federal HOME Grant Program

\$ 3,909,000

\$ 3,159,000 Federal Receipts

\$ 750,000 Corporate Receipts

Reference No.: 6347

Project Type: Renewal and Replacement

Category: Housing / Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

HUD Federal HOME Grant Program utilizes Federal (HUD) with Corporate matching (AHFC) funds for the HOME Investment Partnership Program. The purpose of the HOME program is to expand the supply of affordable, low- and moderate- income housing and to strengthen the State's ability to design and implement strategies to achieve an adequate supply of safe, energy -efficient, and affordable housing. The Municipality of Anchorage has their own separate HOME program.

Mr. Campbell noted that the \$750,000 in Corporate funds is a required match to receive the federal funds. He read the project description as specified on page 3-11.

HUD Capital Fund Program (formerly CGP)

\$ 500,000 Federal Receipts

Reference No.: 6342

Project Type: Renewal and Replacement

Category: Housing / Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

HUD Capital Fund Program (CFP)(formerly CGP) utilizes Federal (HUD) grant that provides Public Housing Authorities with funds each year to help renovate and modernize public housing units. Funds also provide for administrative expenses, tenant-education projects, drug elimination/safety projects and management improvements.

Mr. Campbell read the project description as provided on page 3-13 of the Report. He noted that the federal funding level is determined by a formula based on the number and types of units. He stated that the historical Congressional appropriation for this fund is approximately \$3,500,000 of which \$3 million is bondable. He stated that this request provides for the non-bondable funds.

Senator Bunde noted that information on page 3-14 specifies that management improvements and operations would be funded in this

appropriation. Therefore, he asked what resident management training would include.

Mr. Campbell responded that resident councils would be established at each development, and that the funds would assist in educating the Council members to function as a team for the betterment of the development. Furthermore, he stated that such things as computer training could also be provided to the Council.

Federal and Other Competitive Grants

\$ 4,250,000

\$1,250,000 Corporate Receipts

\$3,000,000 Federal Receipts

Reference No.: 6348

Project Type: Health and Safety

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Federal and Other Competitive Grants -utilizes Federal (HUD) and Corporate match (AHFC) grant funds. AHFC will apply for grants that target the housing needs of low income and special needs groups; such as senior citizens, the mentally ill, physically, or developmentally disabled or the homeless. AHFC will also apply for energy related grants as they relate to housing. When acquired, AHFC will provide the needed matching funds. Some of the grant funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

Mr. Campbell stated that the Corporate receipt-funding portion is a required federal fund match. He read the project summary as specified on page 3-15 of the Report.

Co-Chair Green requested that, when matching funds are required, language reflecting the match requirement should be included in the Report.

Mr. Campbell acknowledged the request. He stated that while match requirements differ, the average requirement is approximately 25 percent.

Co-Chair Green referred to the Report's presentation format and concluded that the inclusion of language that specifies both Corporation and Federal Receipts when referring to "FY 2004 Funding" would indicate that a match is required.

Co-Chair Wilken surmised that in this request, the State must

supply \$1,250,000 in order to receive \$3 million in federal funds. Furthermore, he noted that an amount less than \$1,250,000 would result in a lower federal funding level.

Mr. Campbell concurred.

Senator Taylor noted that the program match amounts, as indicated in the Funding History on page 3-15, reflect "fluctuating" match amounts. He asked for further information regarding this.

Mr. Campbell responded that while funds are expected, there is no guarantee that the funds would be forthcoming, nor, he advised, could it be assured that the match level would be a constant factor.

Competitive Grants for Public Housing

\$ 1,000,000

    \$250,000 Corporate Receipts

    \$750,000 Federal Receipts

Reference No.: 6350

Project Type: Health and Safety

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Competitive Grants for Public Housing - utilizes Federal (HUD) and Corporate match (AHFC) grant funds. AHFC will apply for HUD grants that target the housing needs of low-income and special needs groups; such as senior citizens, the mentally ill, disabled, or the homeless. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families in attaining economic self-sufficiency. When required, AHFC will provide the needed match. Some of the funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

Mr. Campbell read the project summary. He stated that this request specifically targets low-income housing needs.

Co-Chair Green asked whether the reference to Competitive grants infers that AHFC competes for these grants on the federal level or whether the local organizations compete to receive these grants from AHFC.

Mr. Campbell clarified that AHFC would be required to compete for these grants.

Senator Taylor asked for examples "of grants which prevent crime and substance abuse in public housing."

Mr. Campbell shared that the HUD drug elimination grant addresses security issues in addition to offering programs that would assist residents in resisting or "getting off" substance abuse.

Senator Taylor questioned AHFC's involvement in offering substance abuse programs, as he attested, this is usually the role of such entities as the Division of Drug and Alcohol Abuse.

Mr. Campbell explained that these HUD grants are specifically designated to provide substance abuse program in public housing facilities.

WES WEIR, Director, Division of Public Housing, Alaska Housing Finance Corporation, Department of Revenue, noted that the Drug Elimination grant would provide "direct grants" to agencies that would provide such things as adult programs and after-school activities for youth to assist in offsetting opportunities for drug use in public housing facilities.

Senator Taylor asked the success rate of the program; specifically how the program success rate is monitored.

Mr. Weir noted that while the success rate would be difficult to gauge, the number of youth who participate in the after-school program "is tremendous." He avowed that a broad cross-section of public housing residents are served by these grant programs and, he attested, the Authority considers the program to be "of value"

Co-Chair Green asserted that the Drug Elimination grant program should be reflected in the Department of Health and Social Services budget as she continued, cross-referencing this program with other departments that conduct similar programs would be beneficial.

Co-chair Wilken agreed that "the tie" between agencies would be noteworthy.

Co-Chair Green commented that this reference would assist in avoiding duplication of efforts by the various departments.

Energy Efficiency Monitoring Research  
\$ 1,000,000 Corporate Receipts  
Reference No.: 6351  
Project Type: Health and Safety  
Category: Housing/Social Services  
Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

Energy Efficiency Monitoring Research - utilizes Corporate (AHFC) funds for a designated grant to Cold Climate Housing Research Center to conduct housing construction research, analysis, and information dissemination among the housing industry and the public. Data gathering and analysis is being continually related to energy efficiency technology for homes constructed in northern building and market conditions.

Mr. Campbell read the project description.

Mr. Fauske reminded the Committee that, years prior, the Fannie Mae federal loan program and AHFC had combined funding efforts to support an endeavor to provide a centralized location at which a variety of building industries could work together to conduct cold weather design research and product testing involving such things as energy and weather resistant products. He noted that the University of Alaska Fairbanks campus recently contributed land and that federal funding has been earmarked toward the design of such a center. He informed the Committee that the nation's current arctic testing center is located in Florida, and he asserted that the University of Alaska Fairbanks campus provides a more appropriate setting for this type of testing. He stated that the ultimate goal of this program is that it would become self-sufficient. He stated that this is a good program with "a lot of potential."

Co-Chair Wilken observed that although this is a new program, it is not referred to as such in the backup material. While he voiced support for the concept of the project, he commented that the Committee would conduct more research on it in order to get a more thorough understanding of it and to assure that general fund monies would not be required to support the project in the future.

Senator Taylor stated that he is encouraged to hear about this project as, he asserted, the State has over-regulated construction by mandating "that certain levels of efficiency" be required in order to qualify for various loan programs. He stated that the result of homeowners' attempts to build to these standards in the "high humidity rainforest" of Southeast Alaska was unhealthy and dangerous homes because of poor air circulation. However, he acknowledged that a home built to those same specifications in another region of the State that had dry conditions might work perfectly. Therefore, he voiced that this project is good news in that it would conduct research appropriate to the building conditions of Alaska rather than adopting programs that do not work on a statewide basis. He agreed, however, that the ongoing funding mechanism should be further researched.

Mr. Fauske informed that AHFC is furthering a program that would address energy efficiency statutes to accommodate the State's varying climates.

Co-Chair Wilken noted that this program might eventually allow for the development of prototypes for schools in the various regions.

SFC 03 # 26, Side B 09:54 AM

State Energy Program (SEP) Special Projects  
\$ 473,500

    \$ 50,000 Corporate Receipts

    \$423,500 Federal Receipts

Reference No.: 32526

Project Type: Health and Safety

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

State Energy Program (SEP) Special Projects - utilizes Federal (DOE) and Corporate match funds for State Energy Program (SEP) special projects such as: building technologies, Codes and Standards, Wind and Power technologies, renewable energy for remote areas or transportation technologies.

Mr. Campbell read the state energy program (SEP) projects. He stated that the federal funding amount that is available to the State is an increase over the previous year's funding.

Co-Chair Wilken asked whether the federal funding level would be negatively affected were the level of State funding reduced.

Mr. Campbell informed that in order to receive this level of federal funding, the total match requirement would be approximately \$75,000. He stated that while it is not specified in the back up material, AHFC would be requiring these pass-through grant recipients to assist with the funding of the total required match.

Mr. Fauske commented that the majority of these funds would flow from AHFC to the Alaska Industrial Development and Export Authority (AIDEA) as specified on page 3-22 of the Report.

Homeless Assistance Program Mental Health Bill

\$ 750,000

    \$250,000 Corporate Receipts

\$500,000 Mental Health Trust Fund Receipts  
Reference No.: 6359  
Project Type: Transitional  
Category: Housing/Social Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
Homeless Assistance Program - utilizes Corporate (AHFC) funds for grants to local communities/agencies to help develop programs that prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless. Corporate funds will be matched by Mental Health Trust Authority funds. Both funds will be combined and administered as one program by AHFC.

Mr. Campbell read the project description and noted that the list of applicants and their requested level of funding as well as the level of funding that AHFC could provide is detailed on page 3-24 of the Report.

Beneficiary and Special Needs Housing Mental Health Bill  
\$ 1,200,000 Corporate Receipts  
Reference No.: 6360  
Project Type: Health and Safety  
Category: Housing/Social Services  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2003 - 06/30/2008  
Beneficiary and Special Needs Housing - Corporate (AHFC) funds for a continuing program to serve populations with special housing needs. The program provides funds to Alaskan nonprofit service providers to increase housing opportunities for Mental Health Trust beneficiaries and other special needs populations throughout the state. The funds may be used for housing development and/or residential accessibility modifications.

Mr. Campbell read the project description.

Co-Chair Green asked whether this request would require a Mental Health Trust Fund match.

Mr. Campbell replied no, as a separate special housing needs program that is operated by the Department of Health and Social Services has that requirement.

Senator Taylor asked how the ranking of the applicants who receive funding from the Homeless Assistance Program, Reference 6359, is determined.

Mr. Campbell responded that applications are awarded funds based on a point ranking system. He continued that the more points an application receives, the higher it is ranked.

Mr. Fauske informed that, were it determined that an applicant's project to require some revision; AHFC would assist them with that process. The project, he noted, could be resubmitted the following year.

Senator Taylor voiced disappointment that a project proposed for Sitka did not receive funding, and he asked that AHFC provide him specific information regarding that project so he could understand the process further.

Mr. Campbell responded that, were a higher level of available funding available, more projects could receive funding. He assured that the ranking criteria information would be provided.

Senator Bunde referred the Committee to the Six-Year Plan located on page 3-29 of the Report, and he asked for confirmation that the total of federal and corporate funding being requested is \$75 million.

Mr. Campbell confirmed.

Senator Bunde pointed out that while the State is often criticized for the amount of money that is spent per capita, it should be noted that a large percent of these expenditures include the federal government contribution to the State via AHFC. He noted that the federal contribution to Alaska is higher than that received by any other state.

Mr. Campbell noted that the total federal funding contribution to AHFC being proposed for FY 04 would amount to \$9.6 million.

Senator Bunde asked whether a reduction in the amount of federal funding that requires a State match would "free up additional monies" that AHFC could then contribute to the State as a dividend.

Mr. Campbell responded that were the funds not being required as a match for programs, yes.

Mr. Fauske stressed that while this budget is for \$75.6 million, separate legislation is being furthered that might increase this budget to \$103 million. He stated that additional information regarding this \$28 million increase would be forthcoming.

Co-Chair Wilken furthered that separate legislation that would alter the nature of the AHFC dividend program would be forthcoming. He continued that the legislation would change the AHFC dividend program by proposing a predictable long-term dividend payout plan.

AT EASE: 10:05 AM / 10:05 AM

The bill was ordered HELD in Committee.

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**ADJOURNMENT**

Co-Chair Gary Wilken adjourned the meeting at 10:06 AM