

HB-883

COMMITTEE REPORT

HOUSE

3/29/76

FINANCE

Mr. Speaker:

Date 4-13-76

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had RB 883

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

Mr. [Signature] recommends: _____
_____ recommends: _____
_____ recommends: _____
_____ recommends: _____
_____ recommends: _____

Chairman

AMENDMENT

OFFERED IN THE HOUSE:

BY: House Committee & Raymond Allen Smith

TO: CS HOUSE BILL No. 853

SENATE BILL No. _____

PAGE: 2

LINE: 24

DELETE: "another"

INSERT: add "with reference" : "all"

Between "with reference" and "which" - "and"

THIS BILL [] RESOLUTION

has been prepared by the staff of the Legislative Affairs Agency in response to the request and at the direction of the sponsoring member or committee. The staff has attempted to place the document in proper legal and clerical form, subject to any special limitations or instructions of the requestor.

Any staff questions or comments as to legality, constitutionality, and form have been included in the memorandum addressed to the requestor and kept in the work file. If we may be of further assistance in this matter, please contact the Director of Legal Services or the Director of Research Services, as appropriate.

Delivered to requestor

4/13/76

Amenel

p 1 - line 15 - DEBETE [5-10; 1-5; 0-1]

ADD 2500 - 5000; 500 - 2500; 0 - 500.

April 7, 1976

Honorable Terry Gardiner, Chairman
House Judiciary Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Chairman:

I received, at 5:00 p.m. today, the most recent copy of CSSSBB 823 (Judiciary). I appreciate you making the effort in getting a copy of this to me as soon as it was put together. My review of the bill has shown that you have incorporated many of the amendments that were discussed with members of your committee, the sponsor, Mr. Ken Humphries, members of the credit union industry, members of my department and myself. It might interest you to note that in the case of the latter, that is, members of my department and myself, we have, to date, expended 147 hours of time to this bill. I do note that some of the suggestions that we had were not incorporated in this version, however, in the aggregate I would say that your efforts and those of the Commerce Committee before you have resulted in a very viable State Credit Union bill, with one serious exception.

This exception, of course, is the root question of the involvement of credit unions in real estate mortgages in excess of 10 years. I will not belabor the point; I think my position has been clear from the beginning in both the Commerce Committee and in your committee. Let me just summarize my feelings on the matter:

- A. It is, I understand, the intent of the sponsors to provide another vehicle for home mortgage monies in the State. I think that nowhere in all the testimony that has been given on this bill has anybody shown that there is a lack of mortgage money available to the people of this State. Therefore, I submit to you that, if this is the basic intent, it is a solution for a non-problem.
- B. The structure of the financial institutions of this State, indeed nationwide, provides for different types of institutions to engage in different types of financial services required by the public. These different types of institutions are, by necessity, structured differently. Their patterns of

April 7, 1976

deposits and loans follow these guidelines. Credit unions have historically been entities in which a few people can ban together, deposit their money, receive a relatively high rate of interest on their savings, and borrow for personal and "consumer" types of items. By necessity, they have borrowed "short" and lent "short." Real estate mortgages are long-term mortgages. The pattern of investments and deposits of credit unions does not lend itself to covering these long-term debts through short-term deposits.

- C. As administrator of the State banking system, it is my feeling that having a non-problem, and attempting to project a new untried dimension that appears to go against the basic principles of the relationship between deposits and loans, is unhealthy and could be dangerous.

With that one serious exception, I think you have created a financial entity that would afford better services to the public throughout the State of Alaska, and if such powers to make real estate mortgages in excess of 10 years were removed from the bill, I could support it wholeheartedly. Without the removal of that portion, I feel compelled to advise the Governor that such a provision, addressing a problem that has neither been proven nor quantified, and potentially could be dangerous to the depositors of the financial institutions of the State, should merit his serious consideration for veto. I am truly hopeful that you will be able to amend the bill accordingly and allow this vital structure to perform the services for which it was intended.

Sincerely yours,

Langhorne A. Motley
Commissioner

cc: Governor Hammond
Judiciary Committee

HOUSE COMMUNITY & REGIONAL AFFAIRS

April 8, 1976

The meeting was called to order at 9:25 am by Chairman Cotten for discussion of HB 883. Present were:

Rep. Cotten	Don Berry, Alaska Municipal League
Rep. Davis	Pat Denney, Catholic Community Services
Rep. Ose	Cordon Landes, H&SS
Rep. Hershberger	Erik Lee, C&RA
Rep. Ostrosky	Joe Guthrie, Legislative Affairs
Rep. Kelley	Norm Ostling, Social Security Admin.
	Vern Perry, Planners Benefits Division
	Barbara Englert Thomas, Staff
	Vicci Hansen, Staff

0002 Rep. Cotten brought attention to the 4th CS for HB 883. Erik Lee was the first to testify. He stated that they went back after the earlier discussions and met with Rep. Davis, H&SS people, Legislative Affairs - to try to get what they have a pretty good idea of what the concept of the bill was and come up with a little better method of administering it to eliminate some of the problems of what might have been potential anyway with the original language in regards to some of the other payments which he feels some of the people from H&SS would like to testify on later. The other thing was to try to narrow down the fiscal note which they did to get a little bit more accurate. They feel more comfortable with these figures. He explained the program.

0358 There were questions from the committee and discussion.

0401 Pat Denney from the Catholic Community services testified on the bill and said that she felt that Juneau should be involved in the residential care of the seniors.

0538 Rep Ose said that he is afraid of everyone wanting to get on this and he feels that the quickest way to kill the bill is to get a bunch of cities tacked onto this. He wants the bill to ride through like it is now and get this started.

It was decided that there would have to be a separate bill for appropriation and they would both have to go to Finance. The committee had further discussion on this.

0756 Meeting adjourned.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

April 12, 1976

Chairman Cotten called the meeting to order at 9:00 am for discussion of CSHB 883 and HB 906. Present were:

Rep. Cotten	Harvey Pitts, DC&RA
Rep. Davis	Erik Lee, DC&RA
Rep. Freeman	Joe Guthrie, Legislative Affairs
Rep. Hackney	Barbara Englert Thomas, Staff
Rep. Ostrosky	Vicci Hansen, Staff
Rep. Ose	

Eric Lee discussed the provision in the bill for a caretaker in the cottage for every five persons in residence. Most villages have only one health aide therefore the language in the bill should be changed: Page 2 Line 12 which reads "shall" be changed to "may", this would allow flexibility where needed. Ose moved for an amendment as such.

Eric Lee suggested another language change on Page 2 Line 17: add "that houses persons" between "home" and "receiving" since the state is paying a subsidy to people rather than a facility.

Chairman Cotten asked if the subsidy would be paid by HESS. Mr. Lee stated the subsidy would be paid by C & R A. If it is a cottage home that is housing people that are eligible under this chapter then it defines preference will be given to people receiving assistance under those other programs in HESS. Chairman Cotten asked about the non-contiguous to another institution language. Mr. Lee stated if it is part and parcel of a hospital or a nursing home there may be a question: is it institutionalized care? If it is institutionalized care it would create a problem with the federal government and their assistance payments. Chairman Cotten asked how the subsidy payments are made. Mr. Lee explained the appropriation would be the limiting factor.

Rep. Hackney asked how they came up with the figure \$212,500 for the cost of building such a cottage. Mr. Lee explained they used current building costs in the Bering Straits Region they arrived at a figure based upon a 4 - 5 bedroom unit in Nome, 2 units in a community the size of Unalakleet and one in a smaller village. They then broke down what the cost would be to advertize the building costs and fixed the rent and then a subsidy based upon an 80% figure as the state portion. Rent figure was figured by taking the building, maintenance, administration costs total for an annual cost per unit, then divided it into a monthly rental per unit. Chairman Cotten stated a pilot project will let us see how the whole thing works and at a later point it could be expanded to include other areas of the state. Total bill for the whole state would be \$50 million. Harvey Pitts explained this was the figure for nine communities throughout the state. \$50 million would be amortized over a 20 year period. Mr Lee stated the people receiving the subsidy would be eligible to receive up to 100% of their rent. The money would be from the General Fund. Bering Straits Regional Corp. would construct the facility and this bill would subsidize the rent with no guarentee that this program would continue for more than one year. No profit margin allowed, just recovery cost.

April 12, 1976

Cotten stated anyone with a building meeting the regulations would be set up for this program. Ose mentioned the facility in Palmer where the state is paying to house old folks in an 18 bed facility, run by the Salvation Army. Hackney expressed concern that no limit is put on the amount spent on the facility in the first place. The department will pick up the tab that is over and above what that person can pay. No upper limit on the construction cost is set. Rep. Davis stated that can be taken care of by the rules and regulations of the department.

Palmer Subsidy Program

Old age assistance used to be under the State, now Federal SSI has taken over most of the function, though their maximum payment is \$177.70/mo.

The State now has a supplemental assistance program that will bring the assistance payment up to \$235 or \$300, depending on such things as if the recipient lives alone & pays rent.

Although the payments are based on the recipient's need in certain areas (food, shelter, etc.) the use of the payments is non restricted, i.e. the State cannot dictate that the person will spend 1/4 check on food, 1/3 on rent, etc.

Apparently, what was happening in the Palmer situation was that the State was taking a certain amount out of the assistance checks and sending it directly to the home, not to the person, which was illegal.

Nobody now claims any knowledge of how that happened, or even what happened, of course.



P. 2 - line 24

delete [another]

add an

after inst add "and"

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 883
 Title: Group "Cottage" Homes
 Requested by: House CRA Date: 4/1/76
 Return Date Requested: 4/8/76
 Agency: Comm. & Regional Affairs Program: Community Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Community Services 21-22-3-09-00-00

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		43.4	47.7	UNK	UNK	UNK
200 TRAVEL		20.0	10.0	UNK	UNK	UNK
300 CONTRACTUAL		11.9	13.1	UNK	UNK	UNK
400 COMMODITIES		0.4	0.5	UNK	UNK	UNK
500 EQUIPMENT		2.4	0.5	UNK	UNK	UNK
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		134.4	141.4	UNK	UNK	UNK
TOTAL		212.5	213.2	UNK	UNK	UNK

B. FUNDING: (Thousands of dollars)

GENERAL FUND	212.5	213.2	UNK	UNK	UNK
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	2 /	UNK	UNK	UNK
MAN MONTHS (P./T.)	/	24 /	24 /	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A. Assumptions:

1. This will be a pilot program for two years to study feasibility of providing service on a state-wide basis.
2. During the pilot program facilities will be provided in three locations: 1) Nome - 4 units; 2) Unalakleet - 2 units; 3) Shishmaref 1 unit.
3. Each unit will be designed to accomodate 5 single persons or couples.
4. Each unit will consist of 5 individual bedrooms and other areas as follows: two bathrooms, central kitchen, central dining area, central living-recreation area, utility & storage room. Total area per unit to be approximately 1300 sq. ft.

(continued)

IV. ATTACHMENTS

V. DATE: 4/7/76 PREPARED BY: Eric Lee

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

A. (continued)

5. Construction cost is computed at \$76.00 per sq. ft. based on data from: a) HUD costs for similar project in the Northwest. b) ASHA c) Division of Buildings d) costs for a similar current project in Barrow e) cost estimates by Regional Housing Authority
6. Administration and maintenance costs by building lessor are estimated at 10% of construction cost
7. Interest is computed at 8% compounded over 20 years
8. Utilities are estimated at \$100 per month per person.
9. State share of rent will average 80% of total costs to be recovered.

B. Program Summary

The pilot program will be operated in three locations to study feasibility of an ongoing statewide program to subsidize housing for qualified participants. Funding will consist of general funds only. Program administration costs are detailed as follows:

1. Positions:		
a) Program Coordinator @ range 19		\$24,408
b) Clerk Typist III @ range 8		11,484
		<u>\$35,892</u>
	benefits @ 21%	7,538
		<u>\$43,430</u>
2. Travel:		
a) Hearings on regulations		\$10,000
b) Site planning, preparation, coordination & monitoring		10,000
		<u>\$20,000</u>
3. Contractual:		
a) Telephone		\$ 4,000
b) postage		300
c) printing of regulations		1,000
d) advertising		500
e) office space 350 sq. ft. @ .85		3,570
f) duplication services		500
g) transportation of new employee		2,000
		<u>\$11,890</u>
4. Commodities:		
a) office supplies and reference materials		\$ 400
5. Equipment:		
a) two desks		\$ 635
b) two chairs		245
c) file cabinet		205
d) bookcase		75
e) calculator		440
f) typewriter		800
		<u>\$ 2,400</u>
6. Grants, Claims, etc. for subsidy payments to recipients		<u>\$134,400</u>
	Total	<u>\$212,500</u>

Note: Second year funding is based on a 10% inflation cost.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTL
 Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 883
 Title: Group "Cottage" Homes
 Requested by: House CRA Date: 4/1/76
 Return Date Requested: 4/8/76
 Agency: Comm. & Regional Affairs Program: Community Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Community Services 21-22-3-09-00-00

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		43.4	47.7	UNK	UNK	UNK
200 TRAVEL		20.0	10.0	UNK	UNK	UNK
300 CONTRACTUAL		11.9	13.1	UNK	UNK	UNK
400 COMMODITIES		0.4	0.5	UNK	UNK	UNK
500 EQUIPMENT		2.4	0.5	UNK	UNK	UNK
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		134.4	141.4	UNK	UNK	UNK
TOTAL		212.5	213.2	UNK	UNK	UNK

B. FUNDING: (Thousands of dollars)

GENERAL FUND		212.5	213.2	UNK	UNK	UNK
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER		-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/	2/	UNK	UNK	UNK
MAN MONTHS (P./T.)	/	24/	24/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A. Assumptions:

1. This will be a pilot program for two years to study feasibility of providing service on a state-wide basis.
2. During the pilot program facilities will be provided in three locations: 1) Nome - 4 units; 2) Unalakleet - 2 units; 3) Shishmaref 1 unit.
3. Each unit will be designed to accomodate 5 single persons or couples.
4. Each unit will consist of 5 individual bedrooms and other areas as follows: two bathrooms, central kitchen, central dining area, central living-recreation area, utility & storage room. Total area per unit to be approximately 1300 sq. ft.

(continued)

IV. ATTACHMENTS

V. DATE: 4/7/76 PREPARED BY: Eric Lee *EL*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

A. (continued)

5. Construction cost is computed at \$76.00 per sq. ft. based on data from: a) HUD costs for similar project in the Northwest. b) ASHA c) Division of Buildings d) costs for a similar current project in Barrow e) cost estimates by Regional Housing Authority
6. Administration and maintenance costs by building lessor are estimated at 10% of construction cost
7. Interest is computed at 8% compounded over 20 years
8. Utilities are estimated at \$100 per month per person.
9. State share of rent will average 80% of total costs to be recovered.

B. Program Summary

The pilot program will be operated in three locations to study feasibility of an ongoing statewide program to subsidize housing for qualified participants. Funding will consist of general funds only. Program administration costs are detailed as follows:

1. Positions:	
a) Program Coordinator @ range 19	\$24,408
b) Clerk Typist III @ range 8	11,484
	<u>\$35,892</u>
benefits @ 21%	7,538
	<u>\$43,430</u>
2. Travel:	
a) Hearings on regulations	\$10,000
b) Site planning, preparation, coordination & monitoring	10,000
	<u>\$20,000</u>
3. Contractual:	
a) Telephone	\$ 4,000
b) postage	300
c) printing of regulations	1,000
d) advertising	500
e) office space 350 sq. ft. @ .85	3,570
f) duplication services	500
g) transportation of new employee	2,000
	<u>\$11,890</u>
4. Commodities:	
a) office supplies and reference materials	\$ 400
5. Equipment:	
a) two desks	\$ 635
b) two chairs	245
c) file cabinet	205
d) bookcase	75
e) calculator	440
f) typewriter	800
	<u>\$ 2,400</u>
6. Grants, Claims, etc. for subsidy payments to recipients	<u>\$134,400</u>
Total	<u>\$212,500</u>

Note: Second year funding is based on a 10% inflation cost.