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COMMITTEE REPORT

SENATE

2/25/81

FURTHER: Finance

Date: 2/12/81

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 215 making a special appropriation to the University of Alaska for medical research

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s) same title
- replace with CS for _____ new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

SENATE AMENDMENT

By SENATE HESS

To: _____ SENATE BILL No. 215
To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 14

~~Made~~ by this Act lapses into the general fund on June 30, 1983 . [1982]



Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

M E M O R A N D U M

TO: Senator Charles Parr
Chairman, HESS Committee

FROM: Senator Vic Fischer *VF*

DATE: March 31, 1981

RE: Senate Bill 215

SB 215 would appropriate funds to the University of Alaska for medical research at the University of Alaska, Anchorage.

The proposal looks extremely interesting, though the funding might best go through the Department of Health and Social Services to get around budget constraints on the University budget.

Are you planning to take the bill up in the foreseeable future?

/sq

Vic:
Have talked to Mike. It's cancer research. He hasn't sent back-up material over yet, so can't answer your question yet - Charlie

*L - could you see backup corresp on this pls
thx V.*

Rocky -

Notify on SB 215

Rick Kullberg
Biology Dept
UAA
Anch.

12th

~~Rehards~~

263-1239

Dr. John Huntington
263-1236

March 31, 1981

Dr. Richard Kullberg, Chairman
Biology Dept.
Dr. John Harrington, Chairman
Chemistry Dept.
University of Alaska
3221 Providence Drive
Anchorage, AK 99504

Dear Dr. Kullberg and Dr. Harrington:

Thank you for the material in support of Senate Bill 215, to appropriate money for medical research at the University of Alaska, Anchorage. Your concept and approach are most worthwhile, and I will do what I can to support your proposal.

Best wishes,

Sen. Vic Fischer

/sq



UNIVERSITY OF ALASKA, ANCHORAGE

3221 PROVIDENCE DRIVE
ANCHORAGE, ALASKA 99504

COLLEGE OF ARTS AND SCIENCES
DEPARTMENT OF
BIOLOGICAL SCIENCES

March 25, 1981

Senator Vic Fischer
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

Senate Bill 215 has been referred to HESS and the attached letter was submitted as written testimony to Senator Charles Parr, Chairman of HESS. We include a copy here for your information. SB 215 was submitted by Senator Colletta in response to a medical research proposal put forward by members of the University of Alaska, Anchorage Biology and Chemistry Departments. A copy of that proposal is also included here. Your support of SB 215 would be greatly appreciated.

Sincerely,

Dr. Richard Kullberg, Chairman
Biology Department

Dr. John Harrington, Chairman
Chemistry Department

1:15 pm
April 28, 1981

ref SB 215:

Kick Kullberg, ch of
the Biology Dept, UAA,
3221 Providence Drive,
Anch 99504 - 263-1239

He called to urge scheduling
of SB 215. I checked
with Charlie + told him
that it is unlikely we
will schedule it this
session unless we got
a letter from the Regents
on it.

Sandra

SB 215 + 112



Vice President for
Academic Affairs &
Institutional Planning

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

May 22, 1981

Dear Charlie:

We have reviewed Senate Bill 215 which asks for an appropriation for the University of Alaska, Anchorage to conduct some research on cancer, muscular dystrophy and other medical subjects. Although we wish to support the University of Alaska, Anchorage biologists who are attempting to continue their research program in spite of federal program cutbacks, we feel that requesting funds in this manner from the State Legislature may create an undesirable precedent for the University.

The UAA administration has not had an opportunity to solicit and review proposals of a similar nature from other faculty, nor has this opportunity been presented at any other campus of the state-wide system. We anticipate federal cutbacks in many areas, especially in research, and the University will come forward with suggested priorities for support of programs when the actual federal cuts occur.

At the same time, we do not want to curtail or impede our progress in building support for the research program at the University of Alaska, Anchorage. In fact, one of our priorities in the coming year will be to try and strengthen that area. Because the legislative process for the current year is about over, the appropriations are now being finalized and we are formulating the FY83 budget request, we suggest that you hold onto the bill until the next session. If for some reason, we are unable to accommodate this item either in the request for replacement funds due to federal cutbacks, or as a high priority item in the FY83 submission, then it would be appropriate to hold hearings.

We greatly appreciate your concern and interest in this matter.

Sincerely,

George C. West
Acting Vice President for Academic
Affairs & Institutional Planning

The Honorable Charles H. Parr
Alaska Senate
Pouch V
Juneau, Alaska 99811

cc: David Outcalt

Rocky-Gold

UNIVERSITY OF WASHINGTON
SEATTLE, WASHINGTON 98195

*School of Medicine and University Hospital
Department of Radiation Oncology*

Divisions

CLINICAL RADIATION ONCOLOGY
MEDICAL RADIATION PHYSICS
EXPERIMENTAL BIOLOGY

January 27, 1981

The Honorable Terry Martin
Alaska House of Representatives
District 8
Pouch 5, State Capitol
Juneau, Alaska 99811

Dear Mr. Martin:

The purpose of this letter is to propose the establishment of a new cancer research organization to be funded by the State of Alaska, the Alaska Cancer Research Institute. The purpose of this organization would be to develop new technologies and carry out both laboratory and clinical cancer research in areas which can be directly applied to the treatment and care of cancer patients in Alaska and the rest of the country (as opposed to the mission of the Hutchinson Cancer Research Center, which is to investigate the basic underlying biology and physiology of tumor cells).

As you are well aware, our department has been involved in the field of cancer research for some time. We have pioneered the treatment of cancer with high energy neutrons in this country, and I presented our work in the area of breast cancer to you when you visited us here last month. The dramatic results obtained in our feasibility studies with high energy neutrons (in some cases doubling the tumor clearance rates in cancers of the head and neck region and lungs) led the National Cancer Institute to award us a contract to design and construct a precision cyclotron to be located in our department for the purpose of high energy neutron cancer treatment. This machine is currently under development, will be completed and installed in mid 1982, and should dramatically increase our precision with high energy neutron cancer treatments. Unfortunately, due to federal budgetary constraints the associated laboratory and equipment necessary to fully investigate the potential of this new form of treatment cannot be constructed in association with the rest of this project. The proposed Alaska Cancer Research Institute would provide us with the laboratory space and equipment to further explore this and other promising new areas of cancer treatment.

The following are some specific proposals for this new institute:

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The Honorable Terry Martin

1. Construction of new cancer research laboratories in an area adjacent to our new cyclotron. These laboratories would serve as the core of the Alaska Cancer Research Institute and would be the major expense in setting up the whole project. Without these new laboratories, the rest of the projects could not be done. Excavation and construction of the new cyclotron will begin in approximately 6 months. The ideal time to construct this new laboratory facility would be at the same time the excavation is being done for the cyclotron project. A total of 20,000 square feet would be available for construction of the Alaska Cancer Research Institute. Total cost of this construction, including laboratory equipment, would be approximately \$3.5 million.
2. Laboratory studies to optimize high energy neutron cancer treatment. If the Alaska Cancer Research Institute is constructed, studies to determine the best way to treat human cancers with high energy neutrons could be carried out. This is an area of research which has a potentially tremendous payoff in terms of relieving the suffering of cancer patients in our region. It looks especially promising for cancers of the head and neck region, a tumor that is quite common in Native Alaskans. No additional money would be required to support this line of research if the laboratory space is built.
3. Clinical hyperthermia. It has been known for some time that tumors are more sensitive to heat than normal tissues. This project would investigate the use of localized high temperatures in the treatment of various human cancers. It seems likely that the best use of this new form of treatment is in conjunction with conventional radiation therapy and chemotherapy. Research into this area would involve the development of precision hyperthermia devices (primarily ultrasound and microwave generators), and then determining the best way to apply this new treatment in conjunction with other conventional forms of cancer therapy. Dr. Kenneth Luk, a recognized international expert in the field of cancer hyperthermia, would like to join our faculty if we can provide the means for him to continue his research in this area. This is a technology which could be rapidly transferred to routine use in cancer clinics in Alaska and the rest of the country. The total additional cost of this program would be approximately \$350,000.
4. Studies in the diagnosis of cancer with Positron Emission Tomography. Positron emission tomography (PET) is a major scientific advance which has ushered in a new era in cancer diagnosis. This technology makes

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it possible to measure biochemical and physiologic characteristics of organs, tissues and tumors which lie deep within the body cavity without resorting to invasive diagnostic methods such as surgery. This technology holds the promise of completely revolutionizing the field of cancer diagnosis and depends on the production of positron-emitting isotopes which must be made in a high energy cyclotron. The cyclotron that will be used for the production of high energy neutrons for neutron cancer therapy could be adapted to produce positron-emitting isotopes as well as neutrons, and makes us one of the few places in the world where research into this new technology could be carried out. This particular line of research is extremely technical and extremely expensive. The startup costs for this project, including modification of the cyclotron and a "PET" imaging device, would be on the order of \$2,680,000. Even after that large initial investment, it is possible additional money would be required in three or four years to complete the research. The application of "PET" technology should make possible:

- A. The detection and staging of malignant human tumors which can not be detected with current X-ray and laboratory diagnostic methods;
- B. The prediction of tumor responsiveness to any tumor therapy based on the characteristic physiology of individual tumors;
- C. The monitoring of response to tumor therapy including the early detection of recurrences, the identification of anti-tumor drug concentrations in tumors and normal tissues, and
- D. The response of normal tissues to the effects of antitumor treatment, thus predicting the onset of serious side effects before they manifest themselves clinically.

This is a very exciting area of research but, as I have already pointed out, it is also very expensive. If it lives up to its potential, it could be as important in the area of cancer diagnosis as high energy neutron therapy is in the area of cancer treatment.

5. Studies in the treatment of breast cancer. Investigations in this area would follow along the lines of the presentation I gave to you when you were in Seattle. Major efforts are aimed at identifying methods which will obviate the need for mutilating breast surgery. We have already gone a long way towards realizing that goal and it is probable that further research in this area would make radical and modified radical breast cancer surgery an endangered species. This is obviously an

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The Honorable Terry Martin

area of research that can be rapidly transferred to cancer treatment clinics around the country. No additional resources beyond construction of the laboratory facilities would be required to carry on this area of investigation.

6. The establishment of a regional cooperative clinical research group. As part of the Alaska Cancer Research Institute, I would like to establish a multispecialty cooperative clinical cancer research program throughout the Pacific Northwest and Alaska. This program would consist of a network of institutions in Alaska, British Columbia, Washington, Montana, Idaho and northern Oregon cooperating in the investigations of new types of cancer treatment. The advantages of such a group are that new drugs and new types of therapy can be looked at in a coordinated manner and answers to clinical research questions can be obtained in a short period of time. Cancer treatment protocols would be devised at the Alaska Cancer Research Institute and distributed to the various participating treatment centers. Data managers (nurses with some training in computer work) would be paid by the Research Institute and would be located in the various participating institutions. As new cancer treatments are tried, data could be rapidly accumulated, results tabulated and the outcome of these new treatment protocols reported. It would be a way of involving regional cancer treatment facilities such as the one in Anchorage in the front line of clinical cancer research. The cost of this type of program would be approximately \$500,000 to set up (most of this cost goes towards setting up computer services and paying data managers at the participating institutions). There would be an ongoing cost of \$300,000-\$400,000 per year to maintain the program. This cost would be variable depending upon the number of cooperating institutions and the salaries of the nurse data managers in these various locales.

Obviously, the size and scope of the Alaska Cancer Research Institute would depend a great deal on what is practical from your end. Administratively, the best mechanism to set up a project like this would be to appropriate funds specifically to establish the Alaska Cancer Research Institute under the direction of our department. This, hopefully, would circumvent some of the high costs of administration and local bureaucracies that frequently burden this type of endeavor.

I am very excited about the prospects for this institute. We are one of the only places in the country able to do the research which has been outlined. The Alaska Cancer Research Institute would serve as a major resource for the region. It would act as a magnet to collect bright scientists from around the country to work on some of the practical problems of cancer diagnosis and treatment. Certainly it has the potential of dramatically influencing the outcome of many patients suffering with cancer in our region of the country.

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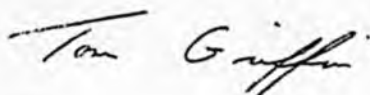
January 27, 1981

The Honorable Terry Martin

If I can give you any further information concerning the concept as a whole or any of the projects in particular, please don't hesitate to give me a call. I would be happy to travel to Alaska to assist you in any way I can if you feel that that would be helpful or appropriate. I have enclosed a copy of my curriculum vitae for your information.

Thank you again for your efforts.

Sincerely,

A handwritten signature in cursive script that reads "Tom Griffin".

Thomas W. Griffin, M.D.
Chairman
Department of Radiation Oncology

TWG:ars
Enc.

CURRICULUM VITAE

Thomas W. Griffin, M.D.

Date of Birth: February 16, 1945

Place of Birth: Omaha, Nebraska

Marital Status: Married; 1 child

Education: Iowa State University, Ames, Iowa
1963-64

Nebraska University, Lincoln, Nebraska
1964-66, B.S.

University of Nebraska, Omaha, Nebraska
1966-70, M.D.

Postgraduate Training: Internship -- Medicine
Good Samaritan Hospital, Phoenix, Arizona
1970-71

Residency -- Radiation Oncology
University of Washington Hospital
Seattle, Washington
1973-76

Military Service: USAMEDC
1971-73

Licensure: Nebraska, 1970
Washington, 1973

Membership: King County Medical Society
Pacific Northwest Radiological Society
Washington State Radiological Society
Washington State Medical Society
American Society of Therapeutic Radiologists
American College of Radiology
American Radium Society
Society of Chairmen of Academic Radiation
Oncology Programs

Board Certification: American Board of Radiology
June 1976

Academic Appointments:

Chairman
Radiation Oncology
University of Washington
Seattle, Washington
September 1979-

Associate Professor
Radiation Oncology
University of Washington
Seattle, Washington
September 1979-

Acting Director
Radiation Oncology
University of Washington
Seattle, Washington
July 1977-August 1979

Assistant Professor
Radiation Oncology
University of Washington
Seattle, Washington
July 1977-August 1979

Instructor
Radiation Oncology
University of Washington
Seattle, Washington
July 1976-June 1977

Hospital Appointments:

Consultant to:

Children's Orthopedic Hospital & Medical Center
Seattle, Washington

U.S. Public Health Service Hospital
Seattle, Washington

Northwest Hospital
Seattle, Washington

Stevens Memorial Hospital
Edmonds, Washington

Overlake Hospital
Bellevue, Washington

Valley General Hospital
Renton, Washington

United General Hospital
Sedro Woolley, Washington

Other Responsibilities:

Reviewer --
American Journal of Roentgenology
Radiation Safety Committee
University of Washington, Seattle
Member, University of Washington
Clinical Cancer Committee
Member, ACS-UW Institutional Cancer Grant
Committee
Member, University Hospital Clinical
Cancer Committee
Member, Joint Harborview Medical Center-
University Hospital Clinical Cancer Committee
Member, Cancer Committee, Children's
Orthopedic Hospital & Medical Center
Member, Children's Orthopedic Hospital &
Medical Center C-T Scanner Advisory Committee
Chairman, Committee for Regional Radiation
Therapy Health Planning
Radiation Oncology Branch
Washington State Radiological Society
Chairman, Cancer Education Committee
Radiation Oncology Branch
Washington State Radiological Society
Cancer Control Program
Regional Coordinator for Radiation Therapy
Principal Investigator --
Radiation Therapy Oncology Group project
Fast Neutron Beam Radiotherapy project
Study Chairman, Radiation Therapy Oncology
Group High LET Glioblastoma Study
Member, Radiation Therapy Oncology Group
Member, Radiation Therapy Oncology Group
Protocol Design Committee
Member, Radiation Therapy Oncology Group
Head and Neck Committee
Member, High LET Studies Group
Member, Radiation Therapy Technology
Advisory Committee
Member, National Patterns of Care Steering
Committee
Member, RTOG Neutron Committee on Dose
Reporting

Other Responsibilities:
(continued)

Children's Cancer Study Group member
Member, CCSG Radiotherapy Committee
Member, CCSG Relapsing Leukemia Committee
Member, CCSG Histiocytosis-X Committee
Member, CCSG Neuroblastoma Committee
Member, CCSG Osteosarcoma Committee
Chairman, Radiation Therapy Oncology Group
High LET Complication Scoring Subcommittee
Member Medical School Executive Committee
Member Medical School Clinical Heads Committee
Study Chairman, RTOG High LET Lung Cancer Study
Study Chairman, RTOG High LET Melanoma Study
Chairman Young Investigators Committee of
the RTOG
Co-Chairman RTOG Publications Committee
Member RTOG High LET Committee
Member RTOG Protocol Design Committee
Chairman RTOG Brain Studies Group
Member RTOG Modality Committee
Vice Chairman -- Radiation Therapy Oncology Group
Member State Board of Pharmacy Patient Qualifica-
tion Review Committee 1978-1980
Member -- Committee for Radiation Oncology
Studies -- College of Physicians & Surgeons
Member -- Subcommittee for Particle Radiation
Therapy, CROS
Chairman, University Hospital Clinical
Cancer Group
Member, Medical Staff Administrative
Committee, University of Washington
Associate Editor, International Journal of
Radiation Oncology, Biology, Physics
Member, Society of Chairmen of Academic
Radiation Oncology Programs

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Montgomery, A.B., Griffin, T.W., Parker, R.G. & Gerdes, A.J.: Optic nerve glioma: the role of radiation therapy. Cancer 40:2079-2080, 1977

Drenguis, B., Griffin, T.W., Gerdes, A.J. & Marchioro, T.: The effect of local irradiation on the acute rejection process in transplanted kidneys. Acta Rad. 16:241-244, 1977

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Laramore, G.E., Griffin, T.W., Parker, R.G. & Gerdes, A.J.: Electron beam irradiation of locally recurrent breast cancer in previously irradiated fields. *Cancer* 41:991-995, 1978

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Griffin, T.W.: Results of Phase I clinical trials of fast neutron beam radiation therapy at the University of Washington. *Nuclear Physics Laboratory Annual Report*, pp 105-106, 1978

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Groudine, M.T., Griffin, T.W., Blasko, J.C. & Laramore, G.E.: Results of fast neutron teletherapy for advanced carcinomas of the nasopharynx. Proc. of the American Society of Therapeutic Radiologists' 20th Annual Meeting, Los Angeles, October/November 1978 (abstract)

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Griffin, T.W., Beaufait, D. & Blasko, J.C.: Cystic cerebellar astrocytomas in childhood. *Cancer* 44:276-280, 1979

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Griffin, T.W.: Results of fast neutron beam radiation therapy for inoperable squamous cell carcinomas of the head and neck. *Proc. Int. Head and Neck Oncology Research Conference*, Washington, D.C., September 1970

In Press:

Borgelt, B.B., Gelber, R., Brady, L.W., Griffin, T.W. & Hendrickson, F.R.: The palliation of hepatic metastases: results of the Radiation Therapy Oncology Group pilot study. *Cancer*

Borgelt, B.B., Gelber, R., Larson, M., Hendrickson, F., Griffin, T. & Roth, R.: Ultra-rapid high dose irradiation schedules for the palliation of brain metastases: final results of the first two studies by the Radiation Therapy Oncology Group. *Int. J. Rad. Onc. Biol. Phys.*

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Presentations (Local):

Effect of therapeutic irradiation on the syndrome of inappropriate antidiuretic hormone. 2nd Annual Radiation Oncology Alumni Day, University of Washington, Seattle, Wash., June 1974

New technique for cranial-spinal irradiation. 3rd Annual Radiation Oncology Alumni Day, University of Washington, Seattle, Wash., June 1975

The role of radiation therapy in pediatric brain tumors. Pediatric Neurology Group, Seattle, Wash., December 1977

Radiation therapy as primary treatment for Stage I and II carcinoma of the breast. 4th annual conference on the care of the cancer patient, Seattle, Wash., May 1978

The role of radiation therapy in carcinoma of the breast. Seattle Surgical Society, September 1978

Therapeutic radiation in children. Seattle Dental Association, March 1979

Alternatives to radical mastectomy in the treatment of breast cancer. Madigan Army Hospital Cancer Conference, Tacoma, Wash., April 1979

Role of primary radiation therapy in the treatment of breast cancer. Valley General Hospital Grand Rounds, Renton, Wash., May 1979

Radiation therapy in the treatment of pediatric brain tumors. Children's Orthopedic Hospital Annual Conference on Pediatric Malignancies, Seattle, Wash., May 1979

Therapeutic radiation in children. Children's Orthopedic Hospital Dental Teaching Conference, Seattle, Wash., May 1979

Presentations (Regional):

An evaluation of procedures used in staging carcinoma of the cervix. Pacific Northwest Radiological Society, Portland, Oregon, May 1976

Peroral irradiation for limited carcinoma of the oral cavity. Washington State Medical Association, September 1976

The combined effects of radiation and chemotherapeutic agents on normal body tissues. Pacific Northwest Radiological Society, Seattle, Wash., May 1977

The role of radiation therapy in the treatment of optic nerve gliomas. Pacific Northwest Radiological Society, Seattle, Wash., May 1977

A preliminary evaluation of the fast neutron beam teletherapy project at the University of Washington. Pacific Northwest Radiological Society, May 1978

Esophageal carcinoma as a model for High LET treatment of gastro-intestinal malignancies. Pacific Northwest Radiological Society, May 1980.

Presentations (National):

The effect of photon irradiation on blood-brain barrier permeability to methotrexate in mice. Radiation Research Society, San Francisco, Calif., June 1976

Glomus jugulare tumors: the indications for and the effects of radiation therapy. American Society of Therapeutic Radiologists annual meeting, Denver, Colo., November 1977

The role of pelvic irradiation and laparotomy staging in clinically staged IA & IIA Hodgkin's disease. American Society of Therapeutic Radiologists annual meeting, Denver, Colo., November 1977

Craniopharyngioma: the role of radiation therapy. American Society of Therapeutic Radiologists annual meeting, Denver, Colo., November 1977

Sequential hemibody radiation in treatment of histiocytosis-X. Children's Cancer Study Group meeting, New Orleans, La., October 1977

Sequential hemibody radiation in treatment of Stage IV neuroblastoma. Children's Cancer Study Group meeting, New Orleans, La., October 1977

An evaluation of fast neutron beam teletherapy of metastatic cervical adenopathy from squamous cell carcinomas of the head and neck region. Radiation Therapy Oncology group meeting, Monterey, Calif., January 1978

Results of fast neutron beam irradiation of advanced squamous cell carcinomas of the head and neck. Radiation Therapy Oncology Group meeting, Monterey, Calif., January 1978

The treatment of systemic histiocytosis-X with ionizing radiation. American Society of Therapeutic Radiologists annual meeting, Los Angeles, November 1978

Fast neutron teletherapy for advanced carcinomas of the oropharynx. American Society of Therapeutic Radiologists annual meeting, Los Angeles, November 1978

Evaluation of fast neutron teletherapy for advanced carcinomas of the major salivary glands. American Society of Therapeutic Radiologists annual meeting, Los Angeles, November 1978

Tumors of the central nervous system and eye: modern radiotherapy in multidisciplinary management. Columbia University College of Physicians and Surgeons, New York, May 1979

Presentations (National):

Radiation therapy of carcinoma of the tongue. Conference on Controversies in Otolaryngology, Seattle, August 1979

Radiation therapy of carcinoma of the larynx. Conference on Controversies in Otolaryngology, Seattle, August 1979

The treatment of childhood medulloblastomas with or without adjuvant chemotherapy. Radiation Therapy Oncology Group meeting, Albuquerque, New Mexico, January 1980

The treatment of grades II & IV astrocytomas with fast neutrons. Radiation Therapy Oncology Group meeting, Albuquerque, New Mexico, January 1980

Fast neutron beam radiation therapy at the University of Washington. National workshop on High LET radiations, Bethesda, Maryland, May 1980

Fast neutron irradiation of glioblastomas. American Society of Therapeutic Radiologists, Dallas, Texas, October 1980

Neutron therapy in pediatric tumors. American Society of Therapeutic Radiologists, Dallas, Texas. October 1980

Presentations (International):

Chemotherapeutic agents as radiosensitizers. L.H. Gray Conference, Cambridge, England, September 1977

Results of fast neutron beam radiotherapy pilot studies at the University of Washington. Presented at the 3rd meeting on "Fundamental and Practical Aspects of the Application of Fast Neutrons and other High LET Particles in Clinical Radiotherapy", The Hague (Netherlands), September 1978

Role of neutron therapy in head and neck cancer. Presented at the IV Asian Cancer Conference, Bombay, India, December 1979

The treatment of grades III & IV astrocytomas with fast neutrons. High LET worksnop, Washington, D.C., March 1980

The results of fast neutron beam radiation therapy for inoperable squamous cell carcinomas of the head and neck. International Head and Neck Oncology Research Conference, Washington, D.C., September 1980

member packets



George C. West
Vice President for
Academic Affairs & Institutional Planning

University of Alaska

102 Bunnell Building
303 Tanana Drive
Fairbanks, Alaska 99701

February 10, 1982

The Honorable Charles H. Parr
Alaska Senate
Pouch V
Juneau, Alaska 99811

Dear Charlie:

I understand that you wish to hold hearings on SB 215, held over from last session, on medical research at the University of Alaska, Anchorage.

As I wrote you last May, if the University was unable to accommodate this item in our FY83 budget request, then it would be appropriate to hold hearings and move the bill along. This item was not submitted to the governor as part of the regents request for FY83.

The official position of the University remains that we would hope that the legislature would fund the regents capital and operating requests which are based on a plan developed by the university before appropriating funds for special purposes. I understand that SB 215 is for a one-time-only capital request to provide for basic research in important human health areas and is significant for the continuing development of the research program at the University of Alaska, Anchorage.

The University recommends that you proceed with hearings on SB 215, but is unable to take a strong advocacy position on the bill because of the reason mentioned above.

Sincerely,

A handwritten signature in cursive script that reads "George C. West".

George C. West

GCW:kap

cc: Jay Barton, President
David Outcalt, Chancellor, UAA

Attachment



MUSCULAR DYSTROPHY ASSOCIATION
Fighting 40 Neuromuscular Diseases

Active Member, National Health Council

JERRY LEWIS
National Chairman
S. MOUCHLY SMALL, M.D.
President
SYLVESTER L. WEAVER, JR.
Chairman, Executive Committee
HENRY M. WATTS, JR.
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S. MOUCHLY SMALL, M.D.
HENRY M. WATTS, JR.
SYLVESTER L. WEAVER, JR.
MRS. JOHN C. WEST

Please reply to: 3776 Arctic Blvd., Anchorage, Alaska 99503 • (907) 274-6651

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March 10, 1982

Senator Charlie Parr
Chairman, H.E.S.S.
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Parr:

The Alaska Chapter of the Muscular Dystrophy Association would greatly appreciate your consideration of Senate Bill No. 215, currently before the Legislature, which is an application for Medical Research funds to the University of Alaska, Anchorage.

The neuromuscular disease and cancer research to be derived from Dr. Richard Kullberg's and the University of Alaska, Anchorage's grant request would certainly serve the population of Alaska and potentially all of mankind.

Your support of Senate Bill No. 215 would aide fellow Alaskans who suffer from a broad scope of devastating diseases. Thank you for your time and consideration.

Sincerely,

Cyndi Anderson

Cyndi Anderson
District Director

CA:tm

NATIONAL OFFICE: 810 SEVENTH AVENUE, NEW YORK, N. Y. 10019 212 586-0808

MDA sponsors basic and applied research into neuromuscular disorders, including the muscular dystrophies; the myositides; Friedreich's ataxia, amyotrophic lateral sclerosis (ALS) and other spinal muscular atrophies; and myasthenia gravis, and provides services to those afflicted by these diseases.

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.



UNIVERSITY OF ALASKA, ANCHORAGE

3221 PROVIDENCE DRIVE
ANCHORAGE, ALASKA 99504

APR 2 P.M.

COLLEGE OF ARTS AND SCIENCES
DEPARTMENT OF
BIOLOGICAL SCIENCES

May 24, 1981

Senator Mike Colletta
Alaska State Senate
Pouch V
Juneau, Ak. 99811

Dear Senator Colletta:

As members of the Biology and Chemistry faculties at the University of Alaska Anchorage, we wish to express our gratitude to you for submitting SB 215 to the Alaska State Senate. This bill, if passed, offers a major opportunity for us to advance the health science research and teaching program in Anchorage. A letter of testimony has been sent to the Chairman of HESS and we include a copy here for your information. Important health organizations of Alaska, including the March of Dimes, American Cancer Society and the Muscular Dystrophy Association have expressed support for our efforts to develop the health sciences at UAA, and we anticipate formal endorsement from those groups in the near future.

On behalf of the science faculty at UAA, we thank you again for your support.

Sincerely,

Richard Kullberg

Dr. Richard Kullberg, Chairman
Biology Department

John P. Harrington

Dr. John Harrington, Chairman
Chemistry Department



UNIVERSITY OF ALASKA. ANCHORAGE

3221 PROVIDENCE DRIVE
ANCHORAGE, ALASKA 99504

COLLEGE OF ARTS AND SCIENCES
DEPARTMENT OF
BIOLOGICAL SCIENCES

May 24, 1981

Senator Charles Parr, Chairman
Health, Education and Social Services Committee
Alaska State Senate
Pouch V
Juneau, Ak. 99811

Dear Senator Parr:

This letter will serve as written testimony in support of Senate Bill 215, submitted by Senator Mike Colletta and referred to HESS.

Background: Proposals for medical research from state universities are ordinarily directed to a federal agency such as the National Institutes of Health or the National Science Foundation. However, the ability of those agencies to support new research projects will be adversely affected by forthcoming federal budget cutbacks. Moreover, such agencies do not distribute funds equally to all states. We anticipate that NIH and NSF will not be supportive of new research programs, but will be limited primarily to maintaining research at existing, well-established research departments. The result is that new grants will be extremely competitive to obtain. In the present economic climate, it is difficult for a small, new science department such as we have at UAA, to compete against the proposals put forward by well-endowed research departments at Harvard, MIT, Caltech etc. We are nevertheless, seeking federal support, and with some success: A \$217,000 grant has been awarded to UAA for cancer research, a \$238,000 proposal for muscular dystrophy research is pending, and a \$100,000 proposal is in preparation for NIH. However, in view of the federal budget cuts proposed by the new administration, and their likely negative impact on the NIH and NSF, we feel that we must turn to the State of Alaska for support of our research.

Relevance: Our research is aimed at understanding basic biological or chemical processes which may be related to diseases such as cancer, muscular dystrophy and sickle cell anemia; and, in addition, we will investigate anti-bacterial actions of protein found in human milk. Such proteins may afford a significant protection to nursing infants. Finally, we will also explore health hazards arising from fisheries waste disposal. We are confident that worthy contributions toward understanding these problems will result from our work.

State-funded research in the past has been aimed largely at uniquely Alaskan problems (petroleum, timber, fisheries, Native health problems). As our state grows, however, it seems reasonable that we should begin to take a broader view of the human problems which we may address through state-funded research. Alaska's wealth represents a transfer of capital from the lower 48 to our state. We are, in fact, growing somewhat at the expense of our neighbors down south. It is appropriate that we invest a portion of our capital in projects which may benefit them as well as us.

Alaska suffers a "brain drain" problem in the health sciences which results partly from our inability to offer research opportunities of sufficiently high quality to attract our best students. We believe that Alaska will benefit by offering its university graduates a chance to learn the advanced technologies of medical research, which until now have been available only at large universities outside the

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

05 March 1981

TO: Representative Ben F. Grussendorf
House Community and Regional Affairs Committee

Representative Vernon Hurlbert, Chairman
House Labor and Commerce Committee

Senator Vic Fisher, Chairman
Senate State Affairs Committee

FROM: Senator Arliss Sturgulevski, Chairman (W)
Legislative Budget and Audit Committee

RE: HB 256, HB 257, HB 258, BH 259, HB 260
SB 231, SB 232, SB 233, SB 234, SB 235

At the request of the Alaska State Housing Authority, (ASHA), the Legislative Budget and Audit Committee concurrently submitted the above referenced package of legislation to the Rules Committees of both houses. ASHA requested this legislation in response to recommendations contained in a legislative audit. That audit, ASHA's response and the Legislative Auditor's evaluation of ASHA's legislative package are attached for your reference.

Normally, the Office of the Governor would introduce any legislation requested by an executive branch agency. Mr. Keith Specking of the Governor's office was contacted by my office regarding the administration's preferences in regard to the submission this package. The Governor's office felt that in this case the legislation could be submitted by the Committee.

The Legislative Budget and Audit Committee, at my recommendation, agreed to introduce this package of legislation. No recommendation on the appropriateness of this legislation is made by the Committee.

cc: Representative Mike Miller
Representative Jim Duncan
Senator Patrick M. Rodey

STATE OF ALASKA

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

February 23, 1981

To: Senator Arliss Sturgulewski
Chairman, Legislative Budget
and Audit Committee

From: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

Subject: Proposed ASHA Legislation

ASHA has proposed legislation providing for a \$15 million construction fund for family and handicapped housing as well as \$15 million for senior citizen housing. The funds would be for grants or loans to municipalities or non-profit housing corporations to assist in financing the projects. As justification for creation of the two funds, ASHA cites our recent audit report where we stated:

ASHA should seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska.

This recommendation was directed at a situation in which ASHA had lost two federal allocations (HUD) in 1977, totalling \$3.5 million, because of a shortage of funds to cover the difference between federal allowable costs and actual construction costs of two projects. Our recommendation suggested ASHA obtain funds to cover these types of situations through:

1. Direct State appropriations
2. Sale of general obligation bonds
3. State grants (In two instances a project was saved through grants from the Department of Community and Regional Affairs' Senior Citizen Housing Program.

Each of these three alternatives would provide for legislative scrutiny of any proposed subsidy. The first and second alternatives would require ASHA to include the details of

any project needing a subsidy in their budget request, and the Legislature would then have the opportunity to review each project and either approve or disapprove. The third alternative would also receive legislative review since any grant funds would be part of the affected department's budget submission. A \$30 million appropriation to ASHA, however, would allow ASHA to directly subsidize any project without legislative approval. Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the legislative review process. If a project were disapproved, that would be merely an expression of legislative intent that it not be built. The two funds would unnecessarily remove from legislative control the power to commit State funds for specific projects. For this reason, we recommend ASHA seek subsidy appropriations, where needed, on a case by case basis through the normal budget process.

The Authority's proposed legislation regarding the sale of bonds and notes is in accordance with recommendations contained in the audit report.



February 20, 1981

The Honorable Arliss Sturgulewski
Chairman
Legislative Budget and Audit Committee
Pouch V
Juneau, Alaska 99811

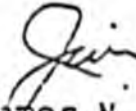
Dear Senator Sturgulewski:

Enclosed for your review is ASEA's response to the
Legislative Budget and Audit recommendations as well
as ASEA's proposed legislation for the 12th Legislative
Session.

Hopefully we'll be able to make the agenda to go final
on your meeting of the 24th. Thanks for your help.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


James M. Crawford
Deputy Executive Director

JMC:th
Encl.



February 20, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Legislature, State of Alaska
Pouch WF
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Thank you for your letter of February 17, 1981 with its enclosure, "A Performance Review of the Department of Commerce and Economic Development, Alaska State Housing Authority, December 12, 1980". The Alaska State Housing Authority (ASHA) has reviewed the above entitled document and within this letter provides the requested responses to the recommendations of the auditors. Those findings and recommendations of the audits performed by Peat, Marwick, Mitchell & Co. and the United States Department of Housing and Urban Development (with the exception of PMM Finding No. 3 which is separately addressed) have been cleared as evidenced by the attached letter from John Duffy, Area Manager, Anchorage Area Office, U.S. Department of Housing and Urban Development. Our response therefore will be limited to Legislative Budget and Audit recommendations number 1 through 4 and Peat, Marwick, Mitchell & Co. Finding No. 3.

It is certainly gratifying to me to note the very substantial difference in the above audits which contain no material findings and prior audits which have noted difficulties. It is also encouraging to me, as Chairman of the Board, to find that the recommendations of the Legislative Budget and Audit team are for positive action toward the production and management of housing. The management and staff of ASHA as attested to by the audits have the competency and capability to positively respond to the recommendations of Legislative Budget and Audit, of course after implementation of those suggestions by the Legislature.

Recommendation No. 1

ASHA should perform a statewide survey of low and moderate income housing needs in Alaska.



Mr. Gerald L. Wilkerson

-2-

February 20, 1981

We agree with the need for housing surveys and the present inadequacy of existing information on housing needs. ASHA is presently working with the State Department of Labor and the Census Division to isolate the need for housing then prepare a prioritized five year construction allocation recommendation for HUD concurrence. Current data concentrates on available housing stock. In the event the capital construction funds are established and funded as per ASHA's proposed legislation in response to recommendation number 2, ASHA will be able to more aggressively perform a marketing plan statewide for the benefit of ASHA's program recipients and those program recipients of the regional housing authorities.

We agree with and have complied with the recommendation of a three year maintenance plan as evidenced by the letter from HUD clearing the findings.

Recommendation No. 2

ASHA should seek additional sources for funding of housing projects to ensure that federal allocations are not lost.

We agree with the recommendation to seek additional funding from sources other than the U.S. Department of Housing and Urban Development, particularly in view of the federal plans for budget cuts. In compliance with the recommendation, attached are two bills which would establish and fund the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund. Creation and appropriation to these Funds will allow ASHA and the regional housing authorities to leverage federal funds in the construction of needed low and moderate income federally subsidized housing in Alaska.

Recommendation No. 3

The statutes governing ASHA should be revised.



Mr. Gerald L. Wilkerson

February 20, 1981

We agree with the recommendation that AS 18.55, ASHA's enabling legislation, should be revised. In compliance with the recommendation, attached is "An Act relating to housing authorities" which, if enacted, would accomplish the recommendation.

Recommendation No. 4

The Office of the Governor should appoint members to the board of directors of ASHA in accordance with statute and in a more timely manner.

The vacancy on the Board of Directors was filled October 13, 1980 by the appointment of Cynthia Aiken of Fairbanks.

Peat, Marwick, Mitchell & Co. Recommendation No. 3

ASHA should comply with HUD requirements to control land, structures and equipment.

ASHA does comply with HUD requirements to control land, structures and equipment with the exception of a current inventory of the Remote 200 programs. The Remote 200 program is in 10 villages throughout the state and the cost to conduct an annual inventory would be excessive. The total acquisition cost of the inventory items including construction equipment, dwelling equipment and non dwelling equipment is \$179,789.88. These items were purchased seven to ten years ago and are given a useful life of seven to eight years. The value at this time is minimal. ASHA has not replaced any appliances in the Remote 200 program as that is the responsibility of the home purchaser. ASHA has recently come to an agreement with HUD for a resolution of the inventory problem in the Remote 200 program, i.e., write down of those physical inventory items which are beyond their useful life.

We believe that the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation, if enacted, will be a positive step for the greater production of housing within Alaska. With both the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund, it is our intention to coordinate grants or loans



Mr. Gerald L. Wilkerson

-4-

February 20, 1981

from the Funds with ASHA bonding powers. Particularly in the face of a wildly fluctuating bond market, a gap between available construction dollars and actual construction costs can force the delay or even cancellation of needed housing projects. Nationally established construction maximums do not reflect Alaska's cost. Consequently, otherwise worthy projects may not be built. It is further our intention to work closely with the regional housing authorities to assist them in their needs in the rural areas of the state as well as providing for the urban needs of Alaska's seniors, family and handicapped.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

Roger Lang
Roger Lang
Chairman

RL:JMC:mrn

ANCHORAGE AREA OFFICE
334 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501

RECEIVED
ASILA

DEC 12 '80

REGION X

December 8, 1980

IN REPLY REFER TO
10.1HMA

Mr. John B. Curtis
Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Room	EA CC
Room	JM CC
Room	HC CC
File	TER21

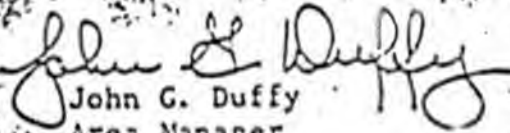
Dear Mr. Curtis:

Thank you for your November 7, 1980 letter in response to the findings contained in the Report on Audit for the period which ended March 31, 1980. Based on the corrective actions planned and taken, we have requested the concurrence of the Regional Office of Audit to clear all findings with the exception of Finding No. 3.

Finding No. 3 concerns the physical inventory of nonexpendable equipment in the Remote 200 program. We recognize that making a special trip to each village to complete a physical inventory would not be cost beneficial. However, as long as the value of this equipment remains on your equipment ledger, ASILA does have an interest in the equipment and an inventory and reconciliation is required. Other Regional Housing Authorities have found implementing a cyclic inventory method a more economical way to complete a physical inventory in remote areas. Under a cyclic system, equipment is inventoried throughout the year as annual inspections are completed and reconciliation completed at fiscal yearend based on the accumulated inventory information. We request you submit a plan to complete a physical inventory in conjunction with annual inspections on a cyclic basis.

Please call LaVerne Thacker or Donna Czech if you have any questions.

Sincerely,


John G. Duffy
Area Manager



March 9, 1981

The Honorable Mike Miller
Representative, District 4
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Attn: Jeff Petrich

Dear Representative Miller:

Thank you for the opportunity to discuss with your staff and other interested parties the need for capital construction and development funds for senior citizen housing in Alaska on Friday, March 6, 1981.

During the meeting, several references were made to "Senator Sturgulewski's bills." Please let me clarify that House Bills 256, 257, 258, 259 and 260 were drafted in response to recommendations contained in the audit report of the Division of Legislative Audit. Senator Sturgulewski very considerately brought the bills to the Legislative Budget and Audit Committee and they were subsequently introduced (from ASHA's perspective) to act upon those recommendations contained within the audit report.

As Chairman Lang stated in his February 20, 1981 letter in response to the audit, "We believe the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation if enacted, will be a positive step for the greater production of housing within Alaska."

A brief summary of some of the reasons a senior citizen housing fund could be beneficially used by ASHA are as follows:

1. ASHA has proven expertise in the development, construction and management of senior housing.
2. Under ASHA management, the funds can be leveraged in conjunction with our tax exempt bonding powers resulting in more net dollars actually in senior housing. }
3. Under ASHA management, our knowledge of federal housing fund sources will accelerate the utilization of a state development and construction fund and avoid the needless loss of federal funds.



The Honorable Mike Miller -2-

March 9, 1981

4. ASHA can provide assistance to regional housing authorities with a development and construction fund in conjunction with our tax exempt bonding powers.

Again, thank you for the opportunity to discuss these items, among others, with your staff on Friday. It is our hope to move forward with the positive package of bills which if enacted will greatly assist in meeting the needs for senior housing within Alaska.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


John B. Curtis
Executive Director

JBC:mrm

cc: Board Members



March 9, 1981

The Honorable Jim Duncan
Speaker of the House of Representatives
Pouch 7
Juneau, Alaska 99811

Attn: Pete Freer

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The Honorable Jim Duncan -2-

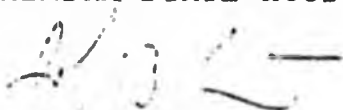
March 9, 1981

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Sincerely,

ALASKA STATE HOUSING AUTHORITY


John B. Curtis
Executive Director

JBC:mrm

cc: Board Members



Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

March 17, 1981

Behrends Bldg.

1:30 pm

First Floor

MEMBERS PRESENT: SENATOR FISCHER, CHAIR
SENATOR BRADLEY
SENATOR ELIASON

AGENDA: SENATE JOINT RESOLUTION 19
"Relating to the proposed Stikine Dam project in Canada."

HOUSE BILL 140
"An Act increasing the longevity bonus."

HOUSE BILL 63
"An Act relating to the Alaska Police Standards Council;
and providing for an effective date."

HOUSE BILL 53
"An Act relating to the point system for driving offenses."

Chairman Fischer called the meeting to order at 1:40, and opened testimony on the first item on the agenda.

SJR 19

Senator Eliason, prime sponsor of SJR 19, provided the first testimony on the measure. After describing the site, the Stikine River Valley, and some of the history of the project, Senator Eliason touched on development of the project with respect to the British Columbia Hydroelectric Authority.

The cost, size, and power production capability of the proposed Stikine Dam projects put them among the largest hydro projects undertaken. The potential impact on Alaskans is great, and the purpose of the resolution is to provide for greater exchange of information between Canadians and Americans with respect to this project, and to support establishing a method for American input at the state, local, and federal level during the planning, decision making, and development phases of the project.

Governor Hammond, maintains Senator Eliason, has reassessed his

position on the Stikine Dam projects; initially he thought it was environmentally sound, and presently he is requesting more information about the projects.

Mary Ellen Cuthbertson, representing the Southeast Alaska Conservation Council (a coalition of groups in southeast Alaska), testified in support of the measure. She has engaged in special project work with the Council, specifically related to the Stikine area, which she travelled extensively in her work. After drawing the Committee's attention to a companion measure sponsored in the House by Rep. Kaugen, Mary Ellen Cuthbertson stated that her testimony was not designed to analyze the pros and cons of the project, but rather to establish the need to define the role of the United States in this international project. She described the status of the project as "under study" and cited some confusion which seems to have developed over the timetable. The U. S., she maintained, must hasten to develop a role. The consequences of a project of this magnitude must be considered in light of the needs of Southeast Alaska at this time; there is a need for further studies to be funded, and for an exploration of the legal issues involved, specifically those governing the navigability of rivers and Canada-U.S. treaties governing shared waterways).

Steve Haavig, Executive Director of the Alaska Gillnetters and also representing United Fishermen of Alaska, provided supportive testimony on SJR 19. He stressed the importance of the fishery resource upon which gillnetters from Wrangell and Petersburg have been dependent for years for their livelihood.

Steve Haavig talked with people from B. C. Hydro at a meeting held in Juneau in October (1980) at which the confusion over the impact of the project on the river was "spelled out". The dams are above the spawning area, but the scope of the project may affect rearing capabilities of certain species with a two-year "river life". B. C. Hydro stated, according to Steve, that summer flows being stored for winter use would be reduced by 80%. This regulation of flow, Steve maintains, will constitute a potential threat to the water rights of fishermen. Beaver ponds, sluices, small streams (the salmon rearing habitat) will all be affected by flow reduction. Steve supports funding for legal work to put U. S. in the optimum position with regard to this international project.

Senator Eliason moved that the resolution be passed out as amended. There being no objection, it was so ordered.

HB 140

Peter Freer, assistant to Rep. Duncan, presented committee members with a fiscal note on HB 140 and stated that Rep. Duncan supported the measure.

Red Swanson, representing the Legislative Committee of the Grand Lodge of Pioneers of Alaska, provided testimony in support of HB 140, and fully supported the concept of the longevity bonus.

Vernon Perry, of the Department of Administration's Division of Retirement and Benefits, stated that the Department supports HB 140. He briefly discussed the question of residence in the Territory, and confirmed that the longevity bonus is for pre-statehood residents only, and only those who have maintained "continuous domicile" in Alaska.

Chairman Fischer noted that if the Supreme Court strikes down the Permanent Fund dividend case raised by the Zobels, we will need to re-examine such benefits as the longevity bonus.

Gordon Landis, of the Department of Health and Social Services, Division of Public Assistance, spoke to HB 140 as it affects low-income people. He stated that it is almost impossible to do good for the low-income people of the state with a social program. The longevity bonus is not a need-based program; any attempt to broaden it (with qualifiers or an intent to make it disregarded by other Federal programs) may succeed in ruining our present exemption. In 1977 the Social Security Act was amended to exclude Alaska's longevity bonus as income. Any attempt to gain further exemptions may endanger this one.

There being no further testimony, Chairman Fischer moved that the measure be passed out with individual recommendations, and Senator Eliason seconded the motion.

HB 63

Jim Mayer, Executive Director of the Alaska Police Standards Council, provided testimony on this measure. He described it as a "housekeeping bill" designed to clean up 1972 statutes relating to the Council. He conducted committee members through a section-by-section analysis of the changes made by HB 63. He concluded his testimony with the statement that municipal groups have indicated support for the measure.

Committee members moved that the measure be passed out with individual recommendations. There being no objection, it was so ordered.

HB 53

Bill Brown, of the Department of Public Safety, Division of Motor Vehicles, provided testimony on this bill relating to the point system of driving offenses, stating that it insures more equal treatment of drivers, imposes a time limitation for crediting points, and imposes a maximum number of points which may accrue. The bill is supported by the DMV. The measure was passed out of committee with individual recommendations.

Adjourned 3:00.

SENATE AMENDMENT

By Senator Eliason

To: Senate State Affairs Comm. SENATE BILL No. SJR 19

To: _____ HOUSE BILL No. _____

PAGE:

LINE:

1

8

Change "government of British Columbia" to "British Columbia Hydro and Power Authority"

As the proposed project affects the Stikine and its tributary, Iskut River, and is actually a series of five dams, the references to the "dam" should be corrected to plural form. Therefore the following amendments are needed:

1

9

After "river" add "and its tributary, the Iskut River, and"

1

11

Change "dam" to "dams"

1

15

Between "dam" and "of" add word "project"

1

19

Change "Dam" to "Dams"

1

22

Change "Dam" to "Dams"

1

28

Change "Dam" to "Dams"

A PERFORMANCE REVIEW
OF THE
DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
ALASKA STATE HOUSING AUTHORITY

December 12, 1980

Audit Control Number
08-21-1005-S

Commissioner, Department of Commerce
and Economic Development
Deputy Commissioner, Department of
Commerce and Economic Development

Charles R. Webber
Braxton Jeans

Board Members of the
Alaska State Housing Authority

Chairman
Member
Member
Member
Member

Roger Lang
Joan Ray
Gale Kincaid
Charles R. Webber
Vacant

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

December 12, 1980

Members of the
Legislative Budget and Audit Committee:

In accordance with the intent of Title 24 of the Alaska
Statutes, the attached report is submitted for your review.

A PERFORMANCE REVIEW
OF THE
DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
ALASKA STATE HOUSING AUTHORITY

December 12, 1980



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE AND SCOPE OF THE REVIEW

In accordance with Title 24 of the Alaska Statutes, a performance review was conducted of the Department of Commerce and Economic Development, Alaska State Housing Authority (ASHA). The purpose of our review was to:

1. Determine ASHA's compliance with its statutory purposes.
2. Evaluate ASHA's operating efficiency, effectiveness, and economy.

Our scope included all State and federal building and housing programs administered by ASHA. We did not perform auditing procedures to determine whether ASHA was in compliance with the federal regulations, policies, procedures, and contracts governing its housing programs. The auditing procedures to determine compliance with these were performed by other auditors whose findings and recommendations thereon have been furnished to us. Included in our report are those recommendations which were not implemented as of our report date.

ORGANIZATION AND FUNCTION

The Alaska State Housing Authority (ASHA) is a public corporate authority created by the territorial legislature in 1945. Its purpose is to assist in the development of decent, safe, and sanitary housing throughout Alaska for low and moderate income families.

A board of five members, appointed by the Governor, which included the Commissioner of Commerce and Economic Development governs ASHA's activities. The Board appoints an Executive Director/Secretary-Treasurer to administer ASHA. Presently, ASHA has a staff of 35 full-time employees in its central office in Anchorage and 73 employees in its 18 project offices located throughout Alaska. The following are programs administered by ASHA:

<u>Description of Program</u>	<u>No. of Units</u>
<u>Conventional Low Income Program.</u> Costs of operations and maintenance are funded through rent receipts and subsidies from the Department of Housing and Urban Development (HUD). Also HUD provides funds for debt service.	813
<u>Housing Assistance Payments (HAP) Program.</u>	
This program provides rental subsidies for low income families and elderly residents from HUD through ASHA. Two types of programs exist under HAP, one in which the rental units are owned by qualifying individuals (known as Section 8 Existing Program), and one in which ASHA owns the rental units (known as Section 8 New Construction Program). Existing	1,178
New Construction	285
<u>Turnkey III Ownership Program.</u> Eligible home purchasers, through a lease-option agreement, pay a monthly payment for reserves, utilities and an administration fee. HUD contributes to the debt service through annual contributions. Approximately 147 units under this program have been converted to rentals due to an insufficient number of qualified home purchasers.	230
<u>Remote Housing Programs.</u> The federal government funded construction of single family homes in 28 villages in rural Alaska from 1969 through 1971. In addition, the State appropriated funds to construct homes in 19 other villages during 1971 and 1972.	747

Description of Program

No. of Units

Wrangell 221(d) 3. This program is a housing development for middle income families constructed in 1967 with federal funds. A portion of the units are being subsidized through the Housing Assistance Program.

32

Marine View Apartments. This is a high-rise apartment complex constructed in Juneau in 1973 with funds from a State appropriation. No federal funds are received as subsidy for this program. Recently, the first four floors have been converted to commercial rental space.

60

Total number of units administered by ASHA

3,345

In addition, from 1966 through 1974, ASHA acquired or constructed public buildings for lease to the State of Alaska. Bonds were issued by ASHA to finance this program. At the expiration of each lease, title of the buildings will be transferred to the State of Alaska.

FINDINGS AND RECOMMENDATIONS

The following are recommendations made by Division of Legislative Audit:

Recommendation No. 1

ASHA should perform a statewide survey of low and moderate income housing needs in Alaska.

There has not been a sufficient housing needs survey conducted to determine the housing needs of low and moderate income Alaskans. A listing prepared by the U.S. Department of Housing and Urban Development (HUD) indicates that only fourteen cities and/or towns during the past three years have been surveyed by that department.

Four of the ten regional housing authorities responding to our questionnaire (see Appendix B) indicated that a survey had not been performed in their region. One of the remaining six authorities indicating that a housing needs survey had been performed stated that the Department of Community and Regional Affairs had conducted a needs survey of their region. However, we contacted the Division of Community Planning within that department and found that the only surveys performed by the division are community profiles. These profiles identify building sites and land uses rather than housing needs. In addition, ASHA's Executive Director and board members indicated that in their opinions the housing needs of Alaskans had not been adequately surveyed.

We recommend that ASHA perform a statewide housing needs survey. However, prior to conducting such a survey ASHA should contact the regional housing authorities to determine what data is currently available and evaluate its adequacy. After conducting the survey, ASHA should prioritize the housing needs of those areas of the State over which ASHA exercises its authority. (Much of the rural area of the State receives housing assistance through the regional housing authorities.)

Presently, ASHA's general practice is to apply HUD allocations to projects for which a local government and/or advocate group has expressed a need. However, this procedure does not necessarily allow projects to be first constructed in those areas with the greatest housing need. Effective management necessitates identifying those areas with housing needs, prioritizing those needs and applying the HUD allocations as they become available to those localities with the greatest or more immediate need.

In addition to prioritizing housing needs ASHA should comply with HUD's recommendation to complete a three-year maintenance plan (see Recommendation No. 6 page 14). The maintenance plan should be prepared for all housing projects owned and/or managed by ASHA to allow for effective budgeting of the authority's funds.

Recommendation No. 2

ASHA should seek additional sources for funding of housing projects to ensure that federal allocations are not lost.

In 1977, ASHA had no choice but to return to the federal government two allocations totalling approximately \$3,460,000 due to the infeasibility of the projects. The allocations were for family housing in Juneau (80 units), and Ketchikan (50 units).

These projects could not be constructed due to federal limitations on the maximum costs per unit. In a letter informing ASHA of the cancellations, HUD stated that they "were aware that these projects have not been able to be constructed because the prototype costs (maximum costs prescribed by HUD) in these areas have been too low and it is not reasonable for you to issue construction contracts ..."

ASHA has taken steps to minimize the possibility of losing additional federal allocations. They have changed their bidding procedures to include design-construct contracts. This minimizes the chances of the total construction costs exceeding the HUD allocations. In addition, ASHA intends to utilize a different housing program under HUD (Section 8 New Construction). Under the Section 8 Housing Program ASHA does not have to comply with HUD's low prototype cost limitations. However, HUD does set the maximum amount of rental income (Fair Market Rent) ASHA may receive from each rental unit, which somewhat offsets the advantage of no prototype cost compliance requirement.

This maximum rent less administrative costs of managing the project equals the amount remaining to cover the cost of amortizing the debt of the project. Because HUD's fair market rents are too low, the rental income may not be sufficient to cover the debt of the project. When this occurs it is no longer feasible to construct the project.

At the time the two family project allocations were cancelled, ASHA was able to construct two elderly housing projects under the same program. This was due to the receipt of additional funds through the affected municipalities who had received grants through the Department of Community and Regional Affairs' Senior Citizens Housing Development Fund.

In addition, two other elderly housing projects have been constructed in 1980 under the Section 8 program which also received funds from the municipalities in the same manner to make the construction of the projects feasible.

In total, \$1,702,395 was received through the Senior Citizen Housing Program in order to utilize, over the life of the projects, approximately \$24,700,000.

Therefore, we recommend ASHA seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska. These additional funds to be used as leverage for the federal funding can be obtained from sources such as direct State appropriations, sale of general obligation bonds, or grants from State departments.

Recommendation No. 3

The statutes governing ASHA should be revised.

We determined through interviews, questionnaires and a review of ASHA's files that the statutes governing ASHA are in need of revision and clarification. The following changes are needed in order for ASHA to operate in a more efficient manner:

- A. AS 18.55.140, 18.55.180, 18.55.185 and 18.55.570, concerning the sale of bonds, need to be amended to allow ASHA to sell bonds in a more efficient manner.

ASHA has proposed three areas of revision: (1) the addition of authority to sell notes; (2) the removal of the requirement to sell bonds at a price not less than par, and (3) clarification of section 185 concerning the prohibition of a financial advisor from bidding or negotiating for the purchase of the bonds. The proposed language is the same as the wording used in the Alaska Housing Finance Corporation statutes concerning the sale of bonds.

- B. AS 18.55.110 should be clarified as to whether or not ASHA is exempt from adherence to the Administrative Procedures Act (APA) requiring the adoption of federal regulations governing its housing projects.

Advertising and holding public hearings and submitting the regulations to the Department of Law for review is time consuming and ineffectual since the federal regulations cannot be changed, and whether adopted by the State or not, must be abided by in order to retain funding. Therefore, ASHA should be exempt from the APA concerning the federal regulations governing its housing programs.

- C. Clarification of the definition of State agency is needed to determine under what statutes ASHA is considered to be a State agency.
- D. The statutes concerning the regional native housing authorities also need clarification. Since the State created these entities by law it should be clarified, as with ASHA, whether or not they are State agencies.

Recommendation No. 4

The Office of the Governor should appoint members to the Board of Directors of ASHA in accordance with statute and in a more timely manner.

During our review of appointments to the Board of Directors of ASHA, we noted that a member position has been vacant since August 16, 1979.

AS 39.05.060(b) states that the Governor shall appoint each member. Because a member was not appointed, ASHA has not been in compliance with AS 18.55.020(a) which requires the Commissioner of the Department of Commerce and four residents of the State to serve as members of the Board of Directors of the Authority.

This recommendation was also made in the HUD Management Review Report on the Low-Rent Public Housing Program dated September 30, 1980 (see Recommendation No. 1, page 12).

A summary of each recommendation not implemented at our report date, along with ASHA's response, from the audit reports by Peat, Marwick, Mitchell & Co., and the U.S. Department of Housing and Urban Development (HUD), is presented below. The full text of these reports are available at ASHA offices, 4325 Laurel St., Anchorage, Alaska.

A. Recommendations from the Peat, Marwick, Mitchell & Co., audit report, dated March 31, 1980, entitled Examination of Financial Statements and Supplementary Data of: Annual Contribution Contracts; Preliminary Loan Contracts; Section 8, S-014E; Urban Renewal Project R-16 and; Revolving Fund.

Recommendation No. 2

ASHA needs to reduce rental accounts receivable and collection losses.

Using HUD guidelines of \$15 per rental unit, two projects, the Remote 200 Housing Program and the Nome Turnkey III Program, evidence a high accounts receivable balance at March 31, 1980. The per rental unit receivable for each project was \$17.42 and \$135.85 respectively.

ASHA should develop and implement additional procedures to reduce rental accounts receivable. These procedures should include an initial evaluation of all prospective renters' ability to pay, prompt identification of delinquent accounts, and effective collection procedures. In addition timely eviction of tenants will aid in minimizing uncollectible receivables.

ASHA's Response:

We concur that receivables in the Remote 200 Housing Program and the Nome Turnkey III Program are excessive. Considerable effort and expense have been made in reducing the receivables in Nome, but the distance and insolvent nature of the tenants in the Nome project continues to aggravate the problem. A beneficial factor offsetting receivables is the new utility allowance which will generate a credit rent situation. Over a period of time, the receivables are automatically being reduced to the extent of the credit rent. The write-off of collection losses during 1980 in the Nome Turnkey III project were 100% related to damages. There were no write-offs of rent in the Nome Turnkey III project. The receivables in Remote 200 Housing Program are high. Until adequate funding by HUD is agreed upon, no funds are available to do reexaminations or encourage residents to make their payments.

The project managers continue to make a very thorough analysis of prospective renters given the amount of credit information available to them. We obtain credit reports in Fairbanks and in Juneau. In remote areas, credit information is unavailable without in-depth personal investigation. The concept of quick identification and separate accounts of bad payment tenants is a very important item that we are currently quite active in pursuing in our collection of delinquent accounts. Eviction processes have been taken in the majority of all cases as soon as possible. The eviction process in Alaska, in view of the aggressive nature of Alaska Legal Services, is a lengthy one at best. Our grievance procedure, together with various stalling tactics that can and are used by Alaska Legal Services and the tenants, exasperate the timing of an eviction. We continue to try timely eviction although it is unsuccessful at times.

Recommendation No. 3

ASHA should comply with HUD requirements to control land, structures and equipment.

The following requirements had not been complied with for the period ending March 31, 1980: a physical inventory of nonexpendable equipment at certain remote locations for the Remote 200 Housing Program projects had not been performed; a reconciliation of the physical inventory to equipment records for certain Remote 200 Housing Program projects and Low-Rent Public Housing Program projects had not been performed; and equipment records for certain nonexpendable equipment accounts did not agree with the property ledger for those accounts.

ASHA's Response:

Inventory of the Remote 200 Program projects' nonexpendable equipment is not possible due to access denial by residents. Reconciliation of the physical inventory to equipment records for the Nome and Bethel Turnkey III and the low rent projects are in the process of verification and will be completed in the near future. The long-term solution to inventory control is the pending computer program which will accelerate inventory reporting and accentuate inventory control.

Recommendation No. 4

ASHA and HUD should come to a mutual agreement concerning problems noted in the homeownership activities in the Remote 200 Housing Program.

The problem areas noted were as follows:

- a. ASHA has not reexamined the majority of home buyers' income as required by a contract with HUD.

- b. During our review, it was determined no payments had been received from 156 of the 200 housing units during the two-year period under examination.
- c. The mutual help and occupancy agreements for the village of Kwethluk had not been signed by the participants with ASHA.
- d. As of July 11, 1980, ASHA had not taken action to transfer title to at least five individual buyers who have more equity than is required to gain title to the dwelling.

ASHA's Response:

- a. ASHA has not undertaken reexaminations or aggressive rent collection policies for the following reasons:
 - 1. The lawsuit of Alaska Legal Services and the settlement require that rehabilitation be undertaken before further aggressive efforts to obtain rent payments can be made. The lack of funding by HUD, which we have requested, has stalled implementation of an aggressive reexamination program and rent collection program.
 - 2. Legal title to the land is not vested in ASHA and eviction would be fruitless.
- b. Home ownership payments have not been received by 156 of 200 housing units during the two-year period under examination. We concur. Identical response to a.
- c. ASHA's Housing Director, George Briggs, was ejected from the village of Kwethluk and informed HUD at that time that he would not return. Mr. Doug Riggs, then Executive Director of ASHA at the time, indicated that no ASHA employees would be sent to Kwethluk in the future in view of the personal danger. The requested new mutual help and occupancy agreement has not been received from HUD.
- d. Upon receipt of the proper closing documents from HUD, ASHA will aggressively undertake this transfer action. We have been waiting for several months for HUD to come forward with the closing documents.

Recommendation No. 5

ASHA should comply with filing requirements for all projects.

Chapter 13, Appendix 1 of the Low-Rent Housing Accounting Handbook 7510.1 requires all financial reports be submitted to the HUD office designated no later than the 20th day of the month following the close of the period for which the report is prepared.

ASHA's practice is to submit financial reports as books are closed. Current year reports were submitted on May 30, 1980, fifty days delinquent.

ASHA's Response:

ASHA has installed a computer system and we are in the process of conversion. Investment program, payroll and accounts payable were initiated on January 1, 1980; the general ledger program commenced on April 1, 1980. Tenants accounting should be on the computer by August 1, 1980. It is anticipated that this will relieve the pressure at physical closing and assist us in meeting the reporting deadlines.

In addition, a written time and responsibility chart is in process which will clearly outline the tasks necessary to close in a timely fashion to meet HUD reporting deadlines.

Recommendation No. 6

ASHA should limit expenditures to budgeted amounts in controlled categories.

Expenditures were not limited to amounts in certain controlled categories of the annual operating budgets of annual contribution contracts of the Remote 200 Housing Program and the Low-Rent Public Housing Program.

ASHA's Response:

The 1979 total operating expense in the low-rent project was overrun by \$131,420.00. The total routine expense line item was overrun by approximately \$158,000.00. The difference between the two items was approximately \$26,000.00 and is the net effect of underrunning capital expenditures and a negative effect of casualty losses. The overrun of \$131,000.00 in the above mentioned account results from insurance, write-off of bad debts, utilities, labor and materials. A great portion of this overrun resulted from the lack of timely information which the new computerized system should alleviate. In the low-rent program, reserves had been established to cover the overruns above stated and were adequate to totally offset the deficits. During 1980 reserves were increased by approximately \$97,000.00.

The 1979 total routine expenditures in the Bethel Turnkey III Project came out into an overrun of this line item of \$4,267.00. This overrun was the result of insurance and labor and materials. The additional labor expense was the result of a new sewer and water system that went on line during this fiscal year. The total budget surplus in this project amounted to approximately \$75,000.00.

The 1979 total administration expense in the Nome Turnkey III Project was overrun by approximately 1% or \$2,405.00. This was due primarily to prorated overhead charges. The 1979 Nome total routine expense line item was overrun by approximately \$36,000.00. This overrun was the result of an emergency repair on four houses that were extremely damaged by abandonment and the repair of three sewer lines to make the houses livable. These items were approved by HUD; however, the budget revision to adjust these line items was not transmitted to HUD in a timely manner. The total operating expenditures for 1979 in the Nome project resulted in an overrun of \$17,284.00. This is the same as the item above except there was a credit for approximately \$27,000.00 in a charge for casualty loss.

The overrun in the Remote 200 Housing Program 1979 total expenditures line item was caused by an insurance cost overrun. All other line items were substantially under budget.

It should be noted that when the computerized general ledger is up and running, it will result in the return of information to our Housing Management Department and project managers on a much more timely basis and result in fewer line item overruns. It should further be noted; however, that fires, tenant damage and other actions either by nature, or to a certain extent by tenants, are uncontrollable in nature. The serious problem in 1979 which is evidenced by the overruns has been corrected in 1980, and I believe that the results above stated are proved.

B. Recommendations from the HUD audit report, dated September, 1980, entitled HUD Management Review Report on the Low-Rent Public Housing Program:

Recommendation No. 1

Appointments to the ASHA Board of Directors should be made in a more timely manner.

A vacancy in the Board created by the resignation of a board member in August, 1979 still exists. In addition, we noted when reviewing individual board member files that copies of each members' Certificate of Appointment and Oath of Office required by Alaska Statute were not retained by ASHA.

ASHA's Response:

ASHA will comply with request.

Recommendation No. 2

ASHA should assure that variations between budgeted and actual staffing and salaries are reflected in the next budget revision submitted to HUD.

Actual salaries for administrative and maintenance personnel varied slightly from amounts estimated in the budget.

ASHA's Response:

The budget process is very labor intensive which precludes ASHA from resubmitting a complete budget revision. Past approved practice of budget revision will be continued unless in violation of federal regulations.

Recommendation No. 3

ASHA should provide HUD with a copy of its revised personnel regulations for approval prior to distribution.

ASHA's personnel regulations, last revised April 3, 1976, require updating to incorporate personal leave changes, increased wage, meal and travel rates and laws regarding age discrimination. We realize that your revised regulations are currently in draft and under evaluation.

ASHA's Response:

None

Recommendation No. 4

Position descriptions should be updated and a comparison made with similar position descriptions within State service.

Once all position descriptions are updated, ASHA should reevaluate comparability with State position descriptions to assure positions are properly classified and salaries are comparable. The last such comparison was done in 1977.

ASHA's Response:

ASHA will comply with request.

Recommendation No. 5

A sample of the computer budget control system should be submitted to HUD.

The last Management Review Report issued by HUD stated ASHA had, in past years, regularly incurred budget overruns of controlled accounts, and recommended that actions to control expenditures be initiated by ASHA.

The fiscal audit report recently completed points out further overruns in 1979 and 1980.

With a present operating reserve level at five percent of the maximum, it is imperative that strict budget controls be instituted. ASHA advised us during our review that the implementation of their computer budget control system would effectively monitor program expenses.

ASHA's Response:

Preparation of computer printout reports containing income and expenses vs. budget will begin on approximately October 15, 1980. A copy of the report will be sent to HUD.

Recommendation No. 6

A three-year maintenance plan for each project should be completed by ASHA.

As the average age of ASHA's units increase the necessity for maintenance, planning and forecasting becomes more imperative. In addition, due to increasingly limited funding, the need for careful long-range planning for maintaining and preserving property, as well as for providing for replacement items, becomes critical. Therefore, we are requesting ASHA develop a multi-year maintenance plan.

The plan will be helpful in determining staff projections, repair and replacement priorities and will be a helpful tool in preparing future budgets and modernization fund requests. In the future, ASHA will be required to file a plan with our office in order to obtain consideration for modernization or nonroutine maintenance funds.

ASHA's Response:

ASHA will comply with request.

C. Recommendations from the HUD audit report, dated September, 1980, entitled HUD Management Review Report on the Section 8 Existing Housing Assistance Payments Program:

Recommendation No. 1

ASHA should establish an Administrative Plan.

The Admission and Occupancy Policy and the Management Plan should be updated and consolidated into an Administrative Plan.

Some major areas that should be addressed include: verification procedures; reexam procedures; designation of handicapped persons; plans for continued outreach to families and owners; application procedures; grievance, hearing, and appeal procedures; preference and ranking procedure on waiting list; briefing of families and issuance of certificates; housing quality standards and inspections; lease approval and HAP contract execution, as well as termination, eviction and family moving procedures.

Please provide an outline of the Administrative Plan within thirty days. Advise us of the anticipated completion date and upon completion forward a copy of the plan to our office for approval.

ASHA's Response:

ASHA will comply, but if not required by federal regulations or it is not workable, we shall object.

Compliance will be made with the outline for the Administrative Plan within thirty days. An estimated additional thirty days will be required for completion of the plan.

Recommendation No. 2

ASHA should review the units listed which did not conform to the Housing Quality Standards and request repairs be made by the owner.

Eighteen unit inspections were completed during our review and an additional unit was visited. The following are exceptions noted in which the units did not conform to the Housing Quality Standards at 24 CFR 832.109: chipped paint on walls and trim; missing outlet cover; inlaid floor tile in kitchen needs to be replaced or repaired; loose wall paper and nail pops; peeling paint on exterior trim; loose and uneven carpet; worn carpet; no vent fan cover in the kitchen; loose bathroom sink; exterior surface needs painting; bedroom window sill needs painting; exterior main entrance door does not provide adequate security; bathroom floor needs to be finished properly; walls around tub need to be sealed; loose ceiling tile; leak in wall from upstairs bathroom; and; install railing at stairway landing in main entrance.

ASHA should review each unit and request repairs be made by the owner. If the owners are unwilling to make the required repairs, we request another certificate of participation be issued to the family. As soon as an acceptable unit is identified, the HAP contract for the first unit should be terminated.

ASHA's Response:

We appreciate your review and assistance but please review 24 CFR 882.109 again. The regulation speaks of SERIOUS problems not minor such as the chipped paint provided this paint is not lead base. Please note further that the review was done as an interim inspection and our inspection at the time of admission to the participant certifies that each unit did meet the housing quality standards. It appears your inspector used the new inspection report which is not effective at this time.

Recommendation No. 3

ASHA should advise HUD of procedures for reinspections of units.

HUD requires that, in order to insure inspections are providing consistent determinations, ASHA must establish procedures for reinspection by the supervisor of a random sample of approximately 5% of the approved units.

ASHA's Response:

ASHA concurs and will comply.

In conclusion, please note that where landlords and tenants are alerted to specific requirements a designated time will be given and follow up inspections will be conducted to make sure that serious offenses have been corrected in accordance with 24 CFR 882.109.

Recommendation No. 4

Procedures for documenting that the contract rent is reasonable should be established by ASHA.

We request ASHA establish a procedure for documenting and certifying that the contract rent for each unit with an approved lease is reasonable and not in excess of rents currently charged by owners of comparable unassisted units. In order to satisfy this requirement, ASHA must conduct a survey of available rental units to assess rent reasonableness and comparability.

ASHA's Response:

ASHA concurs and will comply.

Recommendation No. 8

ASHA should submit a revised Estimate of Total Required Annual Contributions form.

In reviewing ASHA's year-end voucher for payment of annual contributions it was noted that the estimated preliminary expenses through March 31, 1980 varied slightly from the actual expenses. This necessitates a revision of ASHA's 1981 Estimate of Required Annual Contribution to reduce line 10 by \$8,302 and increase line 11 by \$2,869 if ASHA needs to purchase equipment originally approved.

ASHA's Response:

ASHA concurs and will comply.

APPENDIX A

Questionnaire Sent to the Executive Director
and the Board Members of the Alaska State
Housing Authority (ASHA).

Instructions

Please answer the following questions to the best of your knowledge.

1. What do you believe to be the goals and objectives of ASHA?

*Provide housing for moderate and low income families.
Housing for the elderly.*

*To take advantage of its' state charter and provide
housing for the disadvantaged and elderly Alaskan
citizens.*

*ASHA's primary responsibility is to furnish housing
to low-income families, housing for low-income elderly
and housing for moderate-income persons. To give
assistance to regional housing authorities, encouragement
to private and public developers of housing projects in
the low to moderate-income price range.*

*ASHA's goals and objectives are, in general, set forth
in Alaska Statutes 18.55.010; 100; 300; 310; 480; 490;
520; and 700.*

2. How does ASHA measure its progress in meeting its goals and objectives?

*Progress is measured in the number of units made available
and the demand for units.*

*By maximizing the opportunities offered with Federal dollars,
working with local governments, including the beneficiaries
in its planning, and staying within the dollar amount
allocated for individual projects. A strong and capable
administration.*

*ASHA's records speaks for itself, elderly housing, in seven
years, has gone from 41 units to 421 units. Low-income
family housing has risen through various programs from
568 units to 187 units in seven years.*

ASHA currently measures its' progress towards the implementation in two ways:

- a) ASHA can empirically record the increase in housing and public facilities due to its' efforts. Since 1973, 380 elderly housing units and 312 family housing units have been constructed by ASHA. In addition, ASHA has provided 979 housing units under the Existing Section 8 Program.

ASHA has also been involved in the development of other public facilities. ASHA is currently planning with the Municipality of Anchorage for the development of a \$2.7 million dollar multi-purpose center for ASHA's elderly tenants and other elderly citizens of the State. ASHA anticipates developing and constructing a smaller multi-purpose center for the elderly in Juneau. These new projects will hopefully be constructed in the 1981 construction season.

In summary, ASHA's empirical measure of progress has confirmed dramatic increases in low income housing through ASHA's conventional low-rent and Section 8 housing programs. Since 1973, housing under the programs has increased 878% for specifically elderly housing and 234% for family housing.

- b) ASHA measures the quality of management through the following devices:
 1. Audit reports compiled by private accounting firms.
 2. Program reviews of the Department of Housing and Urban Development.
 3. Complaints or lawsuits filed by housing applicants, tenants, contractors, suppliers or other persons or entities with whom ASHA interacts.

Briefly, since the audit of 1975, ASHA has had only minor audit findings and the cause of such findings were quickly remedied. Since 1975, ASHA has admirably passed HUD's program reviews. Since 1975, ASHA has averaged no more than one significant dispute per year. Although such disputes may be deemed significant they have generally been rather minor and have been quickly and satisfactorily resolved.

3. In your opinion, is ASHA attaining its goals and objectives?

Yes

No

If No, what problem(s) is hindering progress?

Yes - At least since I've been on the Board, we've reduced the serious problems we inherited, and have a working relationship with other housing authorities.

4. Do you believe that housing needs have been adequately surveyed and/or evaluated for:

a) Low-income Alaskans?

Yes. If Yes, by whom? _____

No

b) Moderate-income Alaskans?

Yes. If Yes, by whom? _____

No

5. Is there any duplication of responsibilities between ASHA and the Native Regional Housing Authorities?

Yes

No

If Yes, in what areas of responsibility?

Our board, by a resolution, has determined that we would not "compete" for programs, or dollars which could be handled by other housing authorities in rural Alaska. We would be in only urban centers.

Currently, the Regional Housing Authorities are primarily involved in the provision of village housing and housing for Alaskan Natives under programs not utilized by ASHA because of the presence of the regionals. Additionally, local governing bodies determine whether ASHA or the Regionals shall undertake activities in a particular area.

6. In your opinion, do you feel that the role of the Native Regional Housing Authorities should be: (Check one)

4 Significantly increased.

0 Maintained as is.

0 Decreased.

0 Eliminated.

Please provide a brief explanation of your answer.

Significantly increased. This is the area where the largest housing problems exist.

Significantly increased - Rural housing is still a very serious problem. Some thinking has to go into the high prototype costs of meeting Federal Regulations.

Significantly increased - ASHA's lack of success and the advent of the Native Regional Housing Authorities, the substantial problems of providing housing are found in the villages, with the assistance in planning and development, grants, loans, and/or appropriations, they would increase their ability to provide housing needs in the region.

Significantly increased - Because of the lack of success of ASHA's early village housing programs and the advent of the Regional Housing Authorities, ASHA has deferred from participating in new village housing programs. Since the most substantial problems in providing adequate housing are found in the villages, the Regionals should get assistance in planning and developing through grants, loans and/or appropriations in order to increase their ability to provide housing.

7. In your judgement, evaluate the overall adequacy of the following chapters of ASHA's Regulations:

(Place a checkmark (✓) under the appropriate response across from each chapter.)				Please comment on any known problem areas
	Very Adequate	Adequate	Inadequate	
Ch. 95. Purchasing and New Construction Bidding Procedures.	2	3		
Ch. 96. Acquisition of Real Property and Improvements		4		
Ch. 97. Disposition of Real Property		4		
Ch. 98 Public Housing		3	1	

Additional comments - *Because of reluctance to compete for housing in the "public" sector, we haven't been as aggressive as I would like us to be.*

Revised regulations, based upon the past four years experience with ASHA's existing regulations, are being finalized at this time.

8. In your judgement, evaluate the overall adequacy of the following articles of ASHA's State Statutes.

(Place a checkmark (✓) under the appropriate response across from each article.)	Very adequate	Adequate	Inadequate	Please comment on any problem areas
Art. 1. Alaska State Housing Authority Act		4		
Art. 2. Moderate Cost and Rental Housing		3		
Art. 3. Slum Clearance and Redevelopment Act		3		
Art. 5. Regional Native Housing Authorities		2	2	

Additional comments - *In moderate and rental housing our need for additional units is far greater than our capability to meet demand, inflation and a "bust cycle" in Fairbanks and Anchorage may be the cause, but it is serious.*

9. Please add any additional comments you wish to make which you think will assist us in addressing any needed improvements at ASHA.

When I came aboard, the work was well underway in establishing some credibility for the work performed by ASHA. Each time that there has been a consideration of differing from that goal, it has been at the instigation of a politico as to the decisions which have been arrived at by the board. The board is very aware of its public use of its authority, we have included the elderly in housing planning, furnishing, and design, and allowed them to sit in on contract evaluation and contractor selection processes. All in all a very satisfying experience. If there were to be improvements, it should come from a legislative solution to programs which come short for citizens because of federal regulations. Maintenance, up-keep and renovation are sorely needed in certain areas. The urban renewal project in Anchorage proved that ASHA can do outstanding work in that area, something the State should think about for its' urban areas. I think that the State should look at the problem which plagues both Native and ASHA housing authorities concerning limitations of working with federal regulations, housing is very exciting until design and construction are over, then it becomes a serious problem of payment, heating and electricity. Some thought should be given to the life-cycle of buildings which are put up with state and federal dollars. The problems are the same all over the state, but the solutions are different, depending upon the ability of the authority to be somewhat innovative. I am content that given the problems which were the result of a lot of political pressures early in its' life, ASHA is doing quite well.

The limited funding for all housing authorities available from HUD, the inability to obtain permanent financing due to the high interest rates, the needs for more planning data and effective communications of data so the authorities will not have to rely on HUD and local governments, use of the permanent fund to finance projects to offset the high interest rates and the current bond market.

ASHA, as well as the Regional Housing Authorities, can be more effective if more planning data is available, and if the data now available is more effectively communicated and disseminated. ASHA is currently attempting to initiate a process for the collection and evaluation of demographic data specifically concerning housing needs. In the past, ASHA has had to rely primarily on data provided by HUD, local government units, and inferences interpolated from non-housing related data. Even though ASHA is obtaining its goals and objectives, certain problems do hinder ASHA's progress. Such problems include limited funding available from HUD and the inability to obtain permanent project financing because of high interest rates and the current state of the bond market.

APPENDIX B

Questionnaire to Regional
Housing Authorities

Instructions

Please answer the following questions to the best of your knowledge.

General Information

1. Staff Composition:

<u>Job Category</u>	<u>No. of Positions</u>
<i>Executive Director</i>	8½
<i>Finance Director</i>	1
<i>Coorainator</i>	1
<i>Assistant Coordinator</i>	1
<i>Litigation Manager</i>	1
<i>Housing Planner</i>	1
<i>Administrative Assistant</i>	2
<i>Secretary/Receptionist</i>	7
<i>Accountant/Bookkeeper</i>	6
<i>Accounting Clerk</i>	2
<i>Housing Manager</i>	6
<i>housing Counselor</i>	10
<i>Maintenance</i>	1

Note: One housing authority's personnel are not included above as it has a management agreement with its respective borough.

2. Please list below the housing programs administered by your Authority and the name of the funding agency.

<u>Name of Program</u>	<u>Name of Funding Agency</u>
<i>Indian Mutual Help</i>	HUD
<i>Indian Mutual Help Program Reservations</i>	HUD
<i>Low Income Rentals</i>	HUD
<i>Low Income Rentals-Elderly</i>	HUD & State of Alaska
<i>Section 8 - New Construction</i>	HUD
<i>Modernization</i>	HUD
<i>Acquisition Program</i>	HUD
<i>Turnkey III</i>	HUD
<i>AK 10-1</i>	HUD
<i>AK 10-3</i>	HUD
<i>AK 10-4, 6</i>	HUD
<i>Home Improvement</i>	BIA
<i>Winterization</i>	DOE
<i>AHFC Rural Housing Construction</i>	AHFC

Now, we would like to get your opinion on subsidized housing in Alaska.

3. Do you believe that, in general low-income housing needs in your region are being met? 4 Yes 5 No

Moderate-income housing needs? 1 Yes 8 No

4. Are there specific locations within your region of Alaska that have failed to receive necessary housing assistance through Hud? 5 Yes 4 No

If Yes, list the locations:

Upper Kuskokwim River from Lower Kalskag to Stony River; Coast Villages of Scammon Bay, Chevak, Hooper Bay, Cheforak, Kongiganak, Goodnews Bay and Platinum.

28 villages in region: four served by Hud; two served by ASHA und; 27 more need to be served.

Kenai Peninsula Area.

Copper Center, Gulkana, Tazlina, Glennallen, Kenny Lake, Chistochina, Chitna

HUD cannot meet our demand for housing in that they have to divide up funds for 13 regional housing authorities.

Just one village.

Hit most areas - but have not satisfied housing needs.

5. To your knowledge, has a survey of housing needs ever been performed of your region? 6 Yes 4 No

If yes, by whom and which location?

Alaska Consultants - the entire borough.

The housing authority conducted a survey of the entire region in 1975 and updated the survey in 1979.

All 28 villages in the region by the Native association.

Specific areas have been surveyed, however, no comprehensive survey has been taken.

In 1974, by Community and Regional Affairs, Division of Regional Planning.

Kodiak, all locations. Kodiak Island Borough, Kana 5 - Year Health Plan, NBBJ's Report on Native housing (HUD).

Consultant - '71 Planning Grant - State.

The housing authority for Tatitlek, Port Graham, English Bay, and Chenega.

6. If your answer to No. 5 was No, does your authority have the resources to conduct such a survey? 0 Yes 4 No

7. If your answer to No. 6 was Yes, are you planning a survey? 3 Yes 2 No

If yes, by whom?

No money for a survey, but would like one!

Whenever funds become available. Hopefully, State legislature.

The housing authority is probably the best agency to perform new survey, but time and money postpones such a program.

Contract it out.

By the housing authority for Cordova, Seward and Valdez. This needs assessment survey will be conducted in conjunction with the non-profit corporation's community planning department.

8. Presently, is there any duplication of program activities between ASHA and your Regional Housing Authority? 2 Yes 9 No

If Yes, in what areas of activity?

We are planning on an Acquisition Program and possibly Low-Rental Program in the borough.

Our authority will be constructing HUD Mutual Help Housing in villages where only a few years ago ASHA constructed inappropriately designed housing under the same program.

9. In your opinion, are there advantages to having Regional Housing Authorities administer housing in rural areas as opposed to ASHA?

ASHA's houses are not comparable with the units the Housing Authority acquires. The ASHA units fall apart in a few years. They are just a one room box, good for a dog to live in.

There are many advantages to having rural housing administered by the Regional Housing Authorities but the basic one of most importance are that the Regionals are in a position to be more responsive to the problems and needs to the people within their area. There is more opportunity for local input which is very important from a success standpoint.

Regional housing authorities are better adapted to serve local needs. ASHA is too distant to adequately meet present needs.

Yes, there are. In general, programs operate more satisfactorily the closer the planning and administration is to the people being served. Local control.

Yes.

There is definitely advantages in that we work more closely with the non-profit Native Corporation in our planning, and coordination of homes and meetings.

Regional Housing Authorities are more in touch with local resources; more intimate knowledge and working relationships with local users and providers.

Yes, homeowners are able to get to Authority and receive faster response. Local authorities are able to know better what is going on in projects - ASHA has never been able to run a decent program. Natives should be able to receive help when they migrate to urban areas also.

Yes, because the Regional Authorities are more intimately familiar with not only the needs of the area, but also with those unique aspects which make planning, development, and operations different for each area of Alaska. Grass roots.

Disadvantages?

In some remote areas of the state, the Regionals may have more difficult time recruiting qualified staff than an Anchorage based organization, however this is not the case for our Housing Authority.

Yes, resources become more diluted. Financial feasibility is more difficult.

Area not large or populated enough for two agencies.

The reality that local politicians influence the Regional Authority's decisions can be negative. Bush employers have less of an employee pool to hire from, but ASHA faces the same obstacles if they wish to establish regional offices.

Because of Reservation Status - can't get any help other than HUD.

10. In your opinion, are there advantages to having Regional Housing Authorities administer housing in urban areas as opposed to ASHA?

Housing authorities are always present to supervise and hear complaints of homeowners and tenants and can counsel them accordingly. ASHA builds a box, then the homeowner never sees them again.

In a limited area. Regional housing authorities which come under native political control can best meet needs of urban native family and native elderly.

I can only speak for our area. I would believe, yes, we can provide the necessary housing through our own programs, sponsored by HUD and possibly the State.

Yes, in our area. There shouldn't be separation between villages and city, since planning is comprehensive for the region. I suspect the same is true for other regions, e.g. Bethel, Dillingham, Kotzebue.

Able to serve natives with single family housing (Indian Mutual Help).

Yes. In many of the so-called "urban" areas of Alaska those characteristics which affect needs, the logistics and specifics of developing and operating housing with a limited budget, and decisions about such things as building design, all require a sympathy for local sentiment which is difficult to achieve on a statewide level.

Disadvantages?

Political control of regional housing authorities is vested in a relatively small minority group. Not politically feasible to serve large non-native urban groups.

Some potential disadvantages as in rural administration, but ASHA faces same.

One possible disadvantage is the acquisition by Regional Authorities of buildings in such need of repair that limits of overhead and available resources would be strained. This Authority would not support the dumping on local Authorities of buildings in need of extensive rehabilitation or repair.

11. Does your authority have a staff of adequate size and level of experience necessary to administer additional low and moderate-income housing programs if ASHA's role were reduced in Alaska?

6 Yes

5 No

If No, what resources are needed?

Money.

Training, experience and money.

We do not have ASHA here.

We need more units on this roll for administrative expenses.

The housing authority would hire additional staff as project dictates. The mechanism is there to facilitate increased responsibilities.

Staff configuration depends upon number of housing units managed, therefore, if regional authority increased units managed, funds would be available to increase the staff.

12. Does your Regional Housing Authority have methods available by which it could obtain owner financing of low and moderate-income subsidized housing?

6 Yes

4 No

If Yes, what financial resources are available to you?

The housing authority has worked extensively with a bank in financing the new construction and of both low, moderate and high income projects which were later provided long-term financing through HUD or AHFC.

HUD financing for moderate-income housing extremely limited.

HUD

Alaska Housing Finance Corporation Rural Housing Program.

Alaska Housing Finance Corp., Hud Native Mutual-Help Housing. We could use additional sources of finance.

Council would finance project.

13. Please add any additional comments you wish to make which you think will assist us in addressing any needed improvements in subsidized housing.

The whole ASHA program needs a face lift, e.g. new personnel and change of attitude. You are tackling a losing program.

Currently the state has developed several housing programs administered by various agencies which tend to overlap and compete, examples are Regional Housing Authorities, AHFC, Community and Regional Affairs Division of Housing Assistance and ASHA.

Support during the legislative session when the Association of Alaska Housing Authorities introduces a bill to improve the situation.

Community and Regional Affairs elderly program as administered is an excellent program. ASHA does a better job of meeting needs than is given credit for.

Association of Alaskan Housing Authority hopes to introduce legislation for state funded bond sales for Alaskan housing authorities.

Do not have any moderate housing - would like to have some made available - Tried to use Community Block Grants through HUD but failed. HUD only allocated 24 homes for Southeastern Alaska for this fiscal year. However, 60 low-income families were on a waiting list for housing. In addition, there are approximately 50 families doubled-up in housing who the Authority has been unable to provide housing because of their moderate income status.

Number of questionnaires mailed	<u>13</u>
Number of Responses	<u>10</u>
Response Rate	<u>77%</u>



RECEIVED

FEB 23 1981

LEGISLATIVE
AUDIT

February 20, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Legislature, State of Alaska
Pouch WF
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Thank you for your letter of February 17, 1981 with its enclosure, "A Performance Review of the Department of Commerce and Economic Development, Alaska State Housing Authority, December 12, 1980". The Alaska State Housing Authority (ASHA) has reviewed the above entitled document and within this letter provides the requested responses to the recommendations of the auditors. Those findings and recommendations of the audits performed by Peat, Marwick, Mitchell & Co. and the United States Department of Housing and Urban Development (with the exception of PMM Finding No. 3 which is separately addressed) have been cleared as evidenced by the attached letter from John Duffy, Area Manager, Anchorage Area Office, U.S. Department of Housing and Urban Development. Our response therefore will be limited to Legislative Budget and Audit recommendations number 1 through 4 and Peat, Marwick, Mitchell & Co. Finding No. 3.

It is certainly gratifying to me to note the very substantial difference in the above audits which contain no material findings and prior audits which have noted difficulties. It is also encouraging to me, as Chairman of the Board, to find that the recommendations of the Legislative Budget and Audit team are for positive action toward the production and management of housing. The management and staff of ASHA as attested to by the audits have the competency and capability to positively respond to the recommendations of Legislative Budget and Audit, of course after implementation of those suggestions by the Legislature.

Recommendation No. 1

ASHA should perform a statewide survey of low and moderate income housing needs in Alaska.



Mr. Gerald L. Wilkerson

-2-

February 20, 1981

We agree with the need for housing surveys and the present inadequacy of existing information on housing needs. ASHA is presently working with the State Department of Labor and the Census Division to isolate the need for housing then prepare a prioritized five year construction allocation recommendation for HUD concurrence. Current data concentrates on available housing stock. In the event the capital construction funds are established and funded as per ASHA's proposed legislation in response to recommendation number 2, ASHA will be able to more aggressively perform a marketing plan statewide for the benefit of ASHA's program recipients and those program recipients of the regional housing authorities.

We agree with and have complied with the recommendation of a three year maintenance plan as evidenced by the letter from HUD clearing the findings.

Recommendation No. 2

ASHA should seek additional sources for funding of housing projects to ensure that federal allocations are not lost.

We agree with the recommendation to seek additional funding from sources other than the U.S. Department of Housing and Urban Development, particularly in view of the federal plans for budget cuts. In compliance with the recommendation, attached are two bills which would establish and fund the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund. Creation and appropriation to these Funds will allow ASHA and the regional housing authorities to leverage federal funds in the construction of needed low and moderate income federally subsidized housing in Alaska.

Recommendation No. 3

The statutes governing ASHA should be revised.



Mr. Gerald L. Wilkerson

-3-

February 20, 1981

We agree with the recommendation that AS 18.55, ASHA's enabling legislation, should be revised. In compliance with the recommendation, attached is "An Act relating to housing authorities" which, if enacted, would accomplish the recommendation.

Recommendation No. 4

The Office of the Governor should appoint members to the board of directors of ASHA in accordance with statute and in a more timely manner.

The vacancy on the Board of Directors was filled October 13, 1980 by the appointment of Cynthia Aiken of Fairbanks.

Peat, Marwick, Mitchell & Co. Recommendation No. 3

ASHA should comply with HUD requirements to control land, structures and equipment.

ASHA does comply with HUD requirements to control land, structures and equipment with the exception of a current inventory of the Remote 200 programs. The Remote 200 program is in 10 villages throughout the state and the cost to conduct an annual inventory would be excessive. The total acquisition cost of the inventory items including construction equipment, dwelling equipment and non dwelling equipment is \$179,789.88. These items were purchased seven to ten years ago and are given a useful life of seven to eight years. The value at this time is minimal. ASHA has not replaced any appliances in the Remote 200 program as that is the responsibility of the home purchaser. ASHA has recently come to an agreement with HUD for a resolution of the inventory problem in the Remote 200 program, i.e., write down of those physical inventory items which are beyond their useful life.

We believe that the enclosed drafts of legislation are consistent with the recommendations of the Legislative Budget and Audit Committee's auditors and that the legislation, if enacted, will be a positive step for the greater production of housing within Alaska. With both the Senior Citizen Housing Development and Construction Fund and the Family and Handicapped Housing Development and Construction Fund, it is our intention to coordinate grants or loans



Mr. Gerald L. Wilkerson

-4-

February 20, 1981

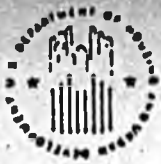
from the Funds with ASHA bonding powers. Particularly in the face of a wildly fluctuating bond market, a gap between available construction dollars and actual construction costs can force the delay or even cancellation of needed housing projects. Nationally established construction maximums do not reflect Alaska's cost. Consequently, otherwise worthy projects may not be built. It is further our intention to work closely with the regional housing authorities to assist them in their needs in the rural areas of the state as well as providing for the urban needs of Alaska's seniors, family and handicapped.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

Roger Lang
Roger Lang
Chairman

RL:JMC:mrm



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANCHORAGE AREA OFFICE
334 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501

RECEIVED
ASIA

REGION X

December 8, 1980

DEC 12 '80

IN REPLY REFER TO
10.1HMA

Mr. John B. Curtis
Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Route	EA CC
Route	HM CC
Route	HC CC
File	TER 21

Dear Mr. Curtis:

Thank you for your November 7, 1980 letter in response to the findings contained in the Report on Audit for the period which ended March 31, 1980. Based on the corrective actions planned and taken, we have requested the concurrence of the Regional Office of Audit to clear all findings with the exception of Finding No. 3.

Finding No. 3 concerns the physical inventory of nonexpendable equipment in the Remote 200 program. We recognize that making a special trip to each village to complete a physical inventory would not be cost beneficial. However, as long as the value of this equipment remains on your equipment ledger, ASHA does have an interest in the equipment and an inventory and reconciliation is required. Other Regional Housing Authorities have found implementing a cyclic inventory method a more economical way to complete a physical inventory in remote areas. Under a cyclic system, equipment is inventoried throughout the year as annual inspections are completed and reconciliation completed at fiscal yearend based on the accumulated inventory information. We request you submit a plan to complete a physical inventory in conjunction with annual inspections on a cyclic basis.

Please call LaVerne Thacker or Donna Czech if you have any questions.

Sincerely,

John G. Duffy
John G. Duffy
Area Manager

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

February 23, 1981

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Alaska State Housing Authority's response to our preliminary report. Our comments follow:

ASHA has proposed legislation providing for a \$15 million construction fund for family and handicapped housing as well as \$15 million for senior citizen housing. The funds would be for grants or loans to municipalities or non-profit housing corporations to assist in financing the projects. As justification for creation of the two funds, ASHA cites our recent audit report where we stated:

ASHA should seek additional funding to allow utilization of all federal allocations for low or moderate income housing in Alaska.

This recommendation was directed at a situation in which ASHA had lost two federal allocations (HUD) in 1977, totalling \$3.5 million, because of a shortage of funds to cover the difference between federal allowable costs and actual construction costs of two projects. Our recommendation suggested ASHA obtain funds to cover these types of situations through:

1. Direct State appropriations
2. Sale of general obligation bonds
3. State grants (In two instances a project was saved through grants from the Department of Community and Regional Affairs' Senior Citizen Housing Program.

Each of these three alternatives would provide for legislative scrutiny of any proposed subsidy. The first and second alternatives would require ASHA to include the details of any project needing a subsidy in their budget request, and the Legislature would then have the opportunity to review each project and either approve or disapprove. The third

alternative would also receive legislative review since any grant funds would be part of the affected department's budget submission. A \$30 million appropriation to ASHA, however, would allow ASHA to directly subsidize any project without legislative approval. Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the legislative review process. If a project were disapproved, that would be merely an expression of legislative intent that it not be built. The two funds would unnecessarily remove from legislative control the power to commit State funds for specific projects. For this reason, we recommend ASHA seek subsidy appropriations, where needed, on a case by case basis through the normal budget process.

The Authority's proposed legislation regarding the sale of bonds and notes is in accordance with recommendations contained in the audit report.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit