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**518**

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF  
SB 518

*Income Guidelines/Weatherization Programs*

Received April 29, 1990  
by the Rules Committee

Heard May 2, 1990

Passed Out of Committee May 2, 1990  
4 Do Pass

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# HOUSE COMMITTEE REPORT

(7)

Date Referred: April 29, 1990

FURTHER REFERRALS:

Date of Committee Action: \_\_\_\_\_

The STATE AFFAIRS Committee considered:

SB 518

SENATE BILL NO. 518

INCOME GUIDELINES/WEATHERIZATION PROGRAMS

"An Act relating to income eligibility for certain housing weatherization programs."

## RECOMMENDATIONS:

- [ ] be replaced with \_\_\_\_\_ [ ] the same title  
[ ] be replaced with \_\_\_\_\_ [ ] a new title
- [ ] have attached amendment(s)
- do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [ ] fiscal impact \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_ *see*  zero fiscal note(s) 4/23/90. CRA
- [ ] zero with analysis \_\_\_\_\_ [ ] zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not  
Pass  
No Rec  
Amend

\_\_\_\_\_

\_\_\_\_\_

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Donkey

*Hanley*  
Hanley

*Finkelstein*  
Finkelstein

*Boucher*  
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*[Signature]*

Chairman's Signature

Item 2

### FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act..income eliqibility for  
certain housing weatherization."  
Sponsor: Rules Committee  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: Energy Programs  
Components: Energy Conservation

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary) There is no fiscal effect for FY 90 or 91. Bill would extend coverage of eligibility of weatherization assistance. Its effects on the federal weatherization program would be limited by federal law & program regulations. Since the FY 91 budget request would not meet demand for weatherization assistance, the addition of eligible families will not have a fiscal impact.

Prepared by: Sandra Carroll  
Division: Administrative Services

Phone: 465-4708  
Date: 3/13/90

40 Approved by Commissioner: [Signature]  
Agency: Department of Community & Regional Affairs

Date: 13 March 90

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)

Item 3

Senator John B. (Jack) Coghill

Alaska State Legislature

Box V  
Juneau, Alaska 99811  
(907) 465 4797

Box 55028  
North Pole, Alaska 99705  
(907) 488-0862



SPONSOR STATEMENT FOR SB 518

WE INTRODUCED SB 518 BECAUSE WE WERE CONCERNED THAT A NUMBER OF INTERIOR SENIORS WERE DENIED ELIGIBILITY FOR THE DCRA WEATHERIZATION PROGRAM. FIXED INCOME SENIORS WITH LONGEVITY BONUSES, PERMANENT FUND CHECKS, AND SOCIAL SECURITY CHECKS HAVE GONE OVER THE ELIGIBILITY REQUIREMENT OF DCRA FOR WEATHERIZATION.

SB 518 WOULD INSTRUCT DCRA NOT TO COUNT LONGEVITY BONUSES AND PERMANENT FUND CHECKS AS INCOME WHEN DETERMINING ELIGIBILITY FOR WEATHERIZATION PROGRAMS. THE PASSAGE OF SB 518 WOULD ADDRESS A SERIOUS WRONG BY ENSURING THAT LOW INCOME SENIORS AREN'T DENIED ACCESS TO WEATHERIZATION SIMPLY BECAUSE THEY RECEIVE PERMANENT FUND CHECKS AND LONGEVITY BONUSES.

THE LEGISLATURE NEVER INTENDED FOR THIS TO BE THE CASE, AND WE SHOULD CLOSE THE LOOPHOLE. I STRONGLY URGE THE PASSAGE OF SB 518.



Official Business

# Alaska State Legislature

SENATE

*Office of the Minority Leader*

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

Item 4

MEMORANDUM

DATE: April 27, 1990  
FROM: Senator Jack Coghill  
TO: All Senators  
SUBJECT: SB 518

A large, stylized handwritten signature in black ink, likely belonging to Senator Jack Coghill.

I asked the Rules Committee to introduce SB 518 because I was concerned that a number of fixed income seniors had been denied eligibility for the weatherization program. Presently, low income seniors with Permanent Fund Checks, Social Security Checks, and Longevity Bonuses have exceeded the eligibility standards of the DCRA.

SB 518 would instruct the Department not to count Permanent Fund Checks, and Longevity Bonuses as income. I think it's grossly unfair to ask seniors to sacrifice their Permanent Fund Checks, and Longevity Bonuses or to be faced with the consequences of not qualifying for weatherization programs.

I strongly request that the Senate pass SB 518.



# Alaska State Legislature

SENATE

*Office of the Minority Leader*

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

Item 5

April 23, 1990

Robert A. Maxwell  
Executive Director  
S.I. H. Inc. Weatherization  
650 21st Ave.  
Fairbanks, AK 99701

Dear Mr. Maxwell:

Thank you for your letter describing the recent problems that have confronted seniors who have gone over the financial eligibility requirements. We have introduced SB 518 which will ensure that seniors will not have to choose between their Permanent Fund Check and weatherization assistance.

SB 518 is scheduled for a hearing today in the Senate State Affairs Committee. We expect that some action will be taken this session to resolve the problem.

Thanks for writing, and let us know if we can do anything else.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Coghill", written over the typed name.

Senator Jack Coghill

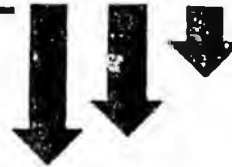


860 21st. Ave. • Fairbanks, Alaska 99701 • (907) 452-5323

# S.I.H. INC. WEATHERIZATION

RECEIVED

APR 20 1990



March 20, 1990

Senator John B. Coghill  
Alaska State Legislature  
P.O. BOX V (MS 3100)  
Juneau, Alaska 99811

Dear Senator Coghill:

Right now there are Alaskans at or near federal low income guidelines that are being cheated. The existing situation deprives many deserving elderly Alaskan residents of the opportunity to reduce their fuel costs, and live in a more comfortable dwelling. This situation would not exist if they did not receive Permanent Fund Dividends and/or Longevity Bonuses. A similar problem is created for low income households with large numbers of Permanent Fund Dividend recipients. You and your colleagues are the only people who can rectify this situation.

The Low Income Weatherization Assistance Program is funded with federal Department of Energy monies. Eligible clients must meet the federal low income guidelines which include Permanent Fund Dividends and Longevity Bonuses as income. This situation deprives the recipient of an eight or nine hundred dollar dividend from receiving an average eighteen hundred dollars in weatherization and reduced heating costs. While the State has its own guidelines and regulations in effect, these guidelines do not count the Permanent Fund Dividend or Longevity Bonuses as income. However, there are no State funds set aside to serve those who are put above the federal low income guidelines by receipt of Permanent Fund Dividends.

The problem with any "hold harmless" of course is trying to determine the cost. Annual funding of the Weatherization Assistance Program can never hope to weatherize all potentially eligible clients and dwellings in the state during one year. Those who are not weatherized one year will probably receive the service in a following year. Funds allocated to weatherize those disenfranchised by receipt of the Permanent Fund Dividend should follow the same logic.

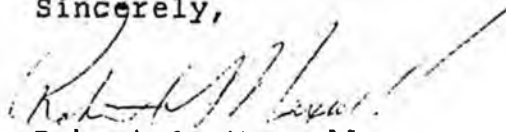
Senator Coghill  
March 20, 1990  
Page 2

A percentage of the number of dwellings funded annually for weatherization would seem to be an equitable way of determining the cost. The total number of dwellings that can be served statewide is determined by the total funding allocation for that year. This process is completed well before the annual amount for Permanent Fund Dividends is determined. Our experience in Fairbanks is that the number of applicants who meet the profile described above would be equal to approximately 12% of our annual allocation.

In my conversations with the other agencies that provide weatherization assistance throughout the state, they feel that this percentage would at least allow them to address the needs of the majority of elderly applicants who are put above the income ceiling by receipt of the Permanent Fund Dividend. During an average funding year this 12% would equal approximately \$500,000.00; at current funding this figure would be much less. Surely, a very small amount from each Permanent Fund Dividend would correct a very unfair situation.

Applicants who discover that they are not eligible for weatherization because they received Permanent Fund Dividends become extremely frustrated. This is magnified when the applicant is elderly, his dwelling desperately needs weatherization and he has no where else to go to receive this help. We all know how expensive it is to heat homes in Alaska, imagine having a fixed income, increasing fuel costs and having to choose between receiving weatherization or a Permanent Fund Dividend check. Is it right for us to force someone to make that choice? I think not, I hope you will agree with me. Thank you for your time and attention to this matter.

Sincerely,



Robert A. Maxwell  
Executive Director

## WEATHERIZATION PROGRAM PROFILE

The Low Income Weatherization Program provides:

Greater Comfort in The Home  
Reduced Heating and Utility Bills  
Jobs for Suppliers and Contractors

Each dwelling receives a professional assessment of its energy use. Measures are implemented to save energy, and the residents are educated in home energy conservation.

The dwellings receive improvements and reductions in energy use.

The Elderly and Handicapped are priority clients.

More money is left for the clients to purchase needed items other than heat.

### FAIRBANKS LOW INCOME WEATHERIZATION FUNDING HISTORY

1985 - 1986	209 Dwellings *
1986 - 1987	200 Dwellings
1987 - 1988	175 Dwellings
1988 - 1989	231 Dwellings
1989 - 1990	278 Dwellings
1990 - 1991	58 Dwellings

\* During the fy85 funding year the average per home was \$2,300 vs. \$1,850 this year, in fy85 funding for the Fairbanks was 88% State, this year it is 88% Federal. In fy85 the jobs created in Fairbanks from weatherization came to more than 35, this year they will amount to less than 8.

Automation and computer programs to track client records have drastically reduced the overhead costs of the organizations providing weatherization.

This results in more program funds reaching the client and the dwelling, more money spent on materials and installation.

Greater insights into buildings and their problems have recently become available from the availability of technical tools such as blower doors and infrared cameras.

# Study: Weatherization may be better than gas pipeline

THE ASSOCIATED PRESS

**FAIRBANKS** - A federal-state weatherization program for Itaiibelt homes could be less expensive and more efficient than a proposed gas pipeline from Wasilla to Fairbanks, a state study concludes.

The weatherization program would cost about a quarter of the pipeline's cost, save homeowners an additional \$100 annually in heating costs and provide as many or more jobs over a longer period of time, the House Research Agency report says.

The study of the Enstar Natural Gas Co. pipeline proposal was prepared for Rep. Sam Cotten, D-Eagle River.

The report also says regulations governing the Alaska Public Utilities Commission prohibit the panel from granting unreasonable cost preferences to any of a public utility's customers. It is doubtful natural gas could be sold in Fairbanks at the same price as in Anchorage, the

report says.

The study also questions Enstar's estimate of how many Fairbanks residential, commercial and utility customers would convert from heating oil and coal to natural gas if the line were built.

Enstar has estimated that Fairbanks residents, businesses and utilities would use as much as 10.9 billion cubic feet of gas by 1994. But the House study concludes Enstar's figures are too high. It pegged the amount at 4.9 billion cubic feet beginning in 1994.

The study also found that conversion to natural gas in Fairbanks would displace about 21 million gallons (496,000 barrels) of fuel oil now consumed annually.

That would increase competition among Mapco Alaska Petroleum Co., PetroStar Fuel, and Tesoro Alaska Petroleum, the study states. While that might lower heating oil costs in the short run, it could eventually drive one of

the competitors out of the market, causing a loss of jobs.

While agreeing that conversion to natural gas would save the average household \$263 a year on heating fuel, the House study states weatherization would save consumers even more.

The current weatherization program, funded almost entirely by the federal government and administered by the state Department of Community and Regional Affairs, provides up to \$1,600 per household for caulking, weatherstripping, insulation, insulated doors and window improvements.

Such an investment reduces annual residential heating costs by about 22 percent, the state agency said.

But with an additional \$700 per house to improve heating systems, the agency estimated the average residence would save up to 30 percent on heating.

The department estimated there were 22,300

unweatherized homes along the Itaiibelt in Fairbanks, North Pole, Nenana, Healy, Cantwell, Talkleetna, Willow, Houston, and Anderson-Clear.

At \$2,300 per house, the department and the House study estimated a total weatherization cost of \$51.3 million, versus \$220 million for Enstar's gas line and associated distribution system.

They also estimated weatherization would save each residence an average \$376 per year in heating costs.

The study also concludes weatherization could provide as many jobs in the Fairbanks area as the gas line.

The House study states the construction of the distribution system would provide the equivalent of 70 year-round jobs for one year. But weatherization would create approximately 260 year-round construction jobs for a two-year period, and would use locally available labor and building supplies, the study says.

Item 6

## Article I. Organization and Administration.

### Section

10. Commissioner of community and regional affairs  
20. Purpose of department

### Section

50. General powers and duties  
55. Fees for publications and research data

**Sec. 44.47.010. Commissioner of community and regional affairs.** The principal executive officer of the Department of Community and Regional Affairs is the commissioner of community and regional affairs. (§ 2 ch 200 SLA 1972)

**Sec. 44.47.020. Purpose of department.** The purpose of the department is to render maximum state assistance to government at the community and regional level. (§ 2 ch 200 SLA 1972)

**Sec. 44.47.050. General powers and duties.** The department may

- (1) advise and assist local governments;
- (2) serve as staff for the Local Boundary Commission;
- (3) conduct studies and carry out experimental and pilot projects for the purpose of developing solutions to community and regional problems;
- (4) promote cooperative solutions to problems affecting more than one community or region, including joint service agreements, regional compacts, and other forms of cooperation;
- (5) serve as a clearinghouse for information useful in solution of community and regional problems, and channel to the appropriate authority requests for information and services;
- (6) advise and assist community and regional governments on matters of finance, including but not limited to bond marketing and procurement of federal funds;
- (7) prepare suggested guidelines relating to the content of notice of bond sale advertisements, prospectuses and other bonding matters issued by local governments;
- (8) administer state funds appropriated for the benefit of unorganized regions within the state, allowing for maximum participation by local advisory councils and similar bodies;
- (9) carry out those administrative functions in the unorganized borough that the legislature may prescribe;
- (10) study existing and proposed laws and state activities that affect community and regional affairs and submit to the governor recommended changes in those laws and activities;
- (11) coordinate activities of the state that affect community and regional affairs;

Administration.

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(12) assist in the development of new communities and serve as the agent of the state for purposes of participation in federal programs relating to new communities;

(13) supervise planning, management, and other activities required for local eligibility for financial aid under those federal and state programs which provide assistance to community and regional governments;

(14) administer state and, as appropriate, federal programs for revenue sharing, grants, and other forms of financial assistance to community and regional governments;

(15) provide staff assistance, as requested, to the Rural Affairs Commission;

(16) apply for, receive and use funds from federal and other sources, public or private, for use in carrying out the powers and duties of the department;

(17) request and utilize the resources of other agencies of state government in carrying out the purposes of this chapter to the extent such utilization is more efficient than maintaining departmental staff, reimbursing the other agencies when appropriate;

(18) plan, study, implement, and assist programs for energy development and energy conservation, including weatherization, to meet community and regional needs;

(19) advise and assist municipalities on procedures of assessment, valuation and taxation, and notify municipalities of major errors in those procedures;

(20) carry out other functions and duties, consistent with law, necessary or appropriate to accomplish the purpose of this chapter. (§ 2 ch 200 SLA 1972; am § 2 ch 79 SLA 1983; am § 3 ch 14 SLA 1984)

Revisor's notes. — Paragraphs (18) and (19) were enacted as paragraphs (19) and (20) and renumbered in 1983 and 1984, respectively, to keep the catchall paragraph at the end of the section.

NOTES TO DECISIONS

Applied in Kenai Peninsula Borough v. State, Dep't of Community & Regional Affairs, 751 P.2d 14 (Alaska 1988).

Sec. 44.47.055. Fees for publications and research data. The commissioner may establish by regulation and the department may charge reasonable fees for department publications and research data to cover the cost of reproduction, printing, mailing, and distribution. The commissioner of administration shall separately account for fees collected under this section that the department deposits in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the purposes of this section. (§ 79 ch 138 SLA 1986)